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STATE OF MONTANA  
Report to the Legislature  
BOARD OF INVESTMENTS  
Audit Report

For the Fiscal Year Ended June 30, 1985

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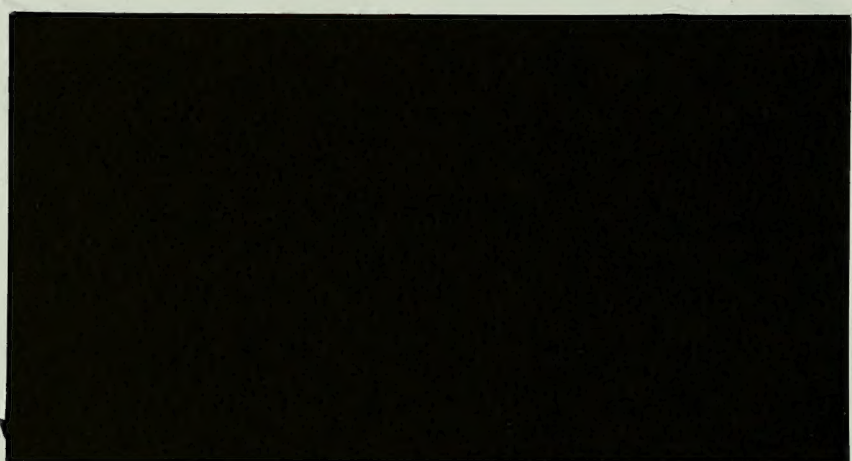
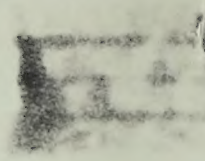
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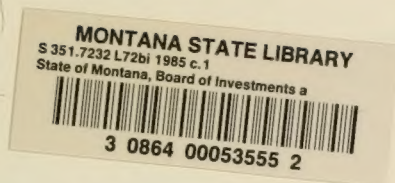
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STATE OF MONTANA  
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Report to the Legislature  
BOARD OF INVESTMENTS  
Audit Report

For the Fiscal Year Ended June 30, 1985

Audit staff involved in this audit include:

Lois Cearley, Mike Donovan, Wayne Kedish, Diane Madden,  
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November 1985

The Legislative Audit Committee  
of the Montana State Legislature:

This document is our audit of the Montana Board of Investments. The Board's written response to the report is included on pages 50 and 51 of the audit report. We would like to thank the investment officer and his staff for their cooperation and assistance during the audit.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat", written over a horizontal line.

Scott A. Seacat  
Legislative Auditor



## **FINANCIAL COMPLIANCE AND LIMITED SCOPE PERFORMANCE AUDIT**

Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office.

Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

This audit included a limited scope performance audit of investment performance statistics. This work was designed to assess certain investment statistics which are often used to compare Montana's investment effectiveness with that of other states or other investment organizations.


Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, computer science and engineering. The performance audit staff uses audit standards set forth by the United States General Accounting Office.

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STATE OF MONTANA  
BOARD OF INVESTMENTS  
APPOINTED AND ADMINISTRATIVE OFFICIALS  
JUNE 30, 1985

BOARD OF INVESTMENTS

<u>Member</u>	<u>Term Expires</u>
Joseph B. Reber, Chairman	January 1988
W.E. Schreiber	January 1989
Frederick B. Tossberg	January 1989
Wilbur Scott	January 1989
Gary Buchanan	January 1988
J. William Kearns	January 1988
Patrick E. McKelvey	January 1989

ADMINISTRATION OFFICIALS

Ellen J. Feaver	Director Department of Administration
James R. Howeth	Investment Officer
James R. Penner	Assistant Investment Officer



## LIST OF ILLUSTRATIONS

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## SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the audited agency's reply.

### Page

#### Recommendation #1

The Board of Investments develop procedures for better control of software development projects.

4

Agency Response: Concur. See page 50.

#### Recommendation #2

The Board of Investments utilize the standard computer software development contract for future consultant engagements in compliance with state policy.

5

Agency Response: Concur. See page 50.

#### Recommendation #3

The Board of Investments:

- A. Modify future service agreements to require escrow accounts on mortgages prior to purchase approval.

7

Agency Response: Concur. See page 50.

- B. Resolve the mortgage file exceptions with the servicing organizations.

7

Agency Response: Concur. See page 51.

#### Recommendation #4

The Board of Investments work with the Department of Administration, Accounting Division, to implement a system to enable BOI to record its investment activity separately on SBAS.

9

Agency Response: Concur. See page 51.





## INTRODUCTION

We performed a financial-compliance and limited scope performance audit of the Montana Board of Investments for the fiscal year ended June 30, 1985. The objectives of the audit were to: 1) determine if the board's financial schedules present fairly the results of operations for the fiscal year ended June 30, 1985; 2) determine if the board complied with applicable laws and regulations; 3) review the management information system and make recommendations for improvements in the management and internal controls of the board; and 4) review the personnel administration and organizational structure of the board; and 5) survey other state investment organizations to obtain information for potential comparative analysis with the Montana investment function.

This report contains four recommendations to the board. These recommendations address areas where management, internal control, financial reporting, and compliance with laws and regulations can be improved. Other areas of concern deemed not to have a significant effect on operations of the Montana Board of Investments are not specifically included in the report, but have been discussed with the investment officer and his staff.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in this report. Each report section discloses the cost, if significant, of implementing the recommendation.

We thank the investment officer and his staff for their assistance and cooperation throughout the audit.

## BACKGROUND

The Montana Board of Investments was created by the Executive Reorganization Act of 1971 and has the primary authority to invest state funds. Chapter 63, Sessions Laws of 1985, expanded the board from five to seven members by including representation from the Public Employees' and the Teachers' Retirement Systems. Board members are appointed by the Governor. The board directs the investment of state funds in accordance with the constitution

and laws of the state. The Investment Division of the Department of Administration provides the staff to advise the board, implement its decisions and perform the day-to-day investment and record-keeping activities. The board establishes policies and guidelines for investment transactions executed by the Investment Division personnel. The division's operations and the board's activities are funded by charges to investing members which are collected by the division from income earned on funds invested. There are three major investment programs within the Investment Division's operations which are discussed below.

The "Short-Term Investment Pool (STIP)" provides a short-term investment vehicle to state or local government investors (participants) who may have a relatively small amount to invest and require liquidity of invested funds. The pool consists of an investment portfolio managed by the Montana Board of Investments from which participants are allowed to purchase STIP units. Unit values are determined daily based on the market value of the portfolio and interest earned. STIP II was implemented on May 31, 1985. Currently it is only for local governments. Prior to May, 1985, local governments also participated in STIP. STIP II unit values are fixed at \$100. The lower unit value in STIP II is to provide greater investment flexibility to the participants. Board officials indicated they intend to eventually convert the STIP and STIP II programs into a single program having a fixed \$100 unit value.

The "Montana Common Stock Pool (MONT-COMP)" was created to allow authorized agencies participation in the equity market via a diversified pool. Article VIII, Section 13, of the Montana Constitution restricts the investment in private corporate capital stock to retirement funds. The Montana Board of Investments manages all the securities in the portfolio and participants purchase units on a monthly basis.

"All Other Funds" is a combination of approximately 50 separate investment funds. The investments are directly owned by the purchasing agency and the funds are managed on behalf of the agencies by the board.

## AUTOMATED INVESTMENT ACCOUNTING SYSTEM

The Board of Investments (BOI) maintains the three major investment programs primarily on three separate computer systems. In addition, limited components such as Coal Trust Loans are maintained manually by the BOI staff. Two of the computer systems, the Montana Portfolio Accounting System (MPACS) and the Portfolio Management System (PMS), account for the investment activity of the Montana Common Stock Pool and All Other Funds. These two systems are owned and maintained by the Board of Investments. The third system (Money Max) accounts for the activity of the Short-Term Investment Pool (STIP) and is owned and operated by a California firm. Each of the above systems are separate and do not interface with each other nor with the Statewide Budgeting and Accounting System. During 1982, BOI officials took steps to develop a new investment accounting and portfolio management system that would consolidate the three systems and automatically generate documents for input to SBAS.

### Investment Accounting and Portfolio Management System

In October 1982, the Board of Investments contracted with a private computer services company to determine the feasibility of developing a consolidated investment accounting and portfolio management system. In July 1983, upon completion of the feasibility study, the board entered into a contract with the private company to develop an integrated system which would report the investment balances and income activity for all three investment programs. The contract called for a completion date between September 1984 and February 1985.

Problems associated with project communications between the private company and BOI personnel and the turnover of the BOI systems analyst have hindered the completion of the project. As of September 1985, BOI has expended \$260,000 of the \$305,000 contract price and the system is not implemented. BOI officials have retained another firm which is currently testing the most

recent version of the system to determine if it is functional and meets all the specifications of the contract.

During our review of the feasibility study and the systems development process, we noted two areas where the process could have been improved: 1) conversion plans for switching from BOI's current systems to the new computer system were not addressed in the original specifications; and 2) the board failed to test the new system on schedule, which prevented early detection of problems.

Without adequate procedures for conversion of the current systems and testing of the new system, there is less assurance that the new system will operate effectively. As a result, unnecessary delays in the implementation of the system may occur. In the future, BOI officials should develop procedures for better control of software development projects to ensure that systems are converted consistently and accurately and that new versions of a computer system are tested in a timely manner. These procedures should help ensure that unnecessary delays during implementation or during any future modifications for system maintenance or upgrades are minimized.

#### RECOMMENDATION #1

WE RECOMMEND THE BOARD OF INVESTMENTS DEVELOP PROCEDURES FOR BETTER CONTROL OF SOFTWARE DEVELOPMENT PROJECTS.

#### Feasibility Study

The October 1982 contract for the feasibility study discussed in the prior section, contained a clause that all data developed under the contract was proprietary information of the private company. The board was required to hold the information in confidence and not release the information to any outside parties. As a result, this private company had a competitive advantage for contracting the development stage because other private consultants would have to reconstruct much of the proprietary



information obtained in the feasibility study at additional expense to the Board of Investments.

The Office of the Governor issued a management memo (4-81-4R) regarding professional personal services contracts which sets forth minimum requirements for professional services contracts. One of the requirements is that contracts shall identify which party owns the working papers and end products of the agreement and which party is authorized to release information concerning the work in process. The Office of the Governor also issued a series of management memos relating to policies, standards, and guidelines for the management of data processing in state government. DPM NBR2 issued June 1, 1981, requires the use of a state of Montana Standard Computer Software Development Contract. Section VIII of that contract stipulates that the state agency shall retain ownership of working papers, working products, and end products. As a result of using the private company's contract, BOI is denied full ownership of the feasibility information and is not in compliance with state policy.

#### RECOMMENDATION #2

WE RECOMMEND THE BOARD OF INVESTMENTS UTILIZE THE STANDARD COMPUTER SOFTWARE DEVELOPMENT CONTRACT FOR FUTURE CONSULTANT ENGAGEMENTS IN COMPLIANCE WITH STATE POLICY.

#### STATE COMPLIANCE

We reviewed compliance with state laws that could have a material impact on the financial schedules of the Board of Investments. In our opinion, except for the instance of noncompliance regarding the feasibility study on page 4, the board complied with the state laws and regulations tested. For items we did not specifically test for compliance, nothing came to our attention that would indicate instances of noncompliance.

## MORTGAGE OBSERVATIONS

As part of the investment program, the Board of Investments purchases Montana mortgages from state lending institutions. These lending institutions then act as servicing agents for BOI by collecting payments and maintaining files for the purchased mortgages in accordance with the servicing agreement.

To test general controls and compliance with the servicing agreements we reviewed a sample of 337 mortgage files at 28 servicing organizations statewide. The following illustration provides a summary of our findings. The details have been provided to BOI personnel.

### SERVICING AGREEMENT COMPLIANCE

<u>Audit Finding</u>	<u>Occurrences</u>
I. Delinquent Property Taxes on Mortgage	4
II. Untimely Payment Remittances to BOI	3
III. Mortgage Purchase Improper Due to Delinquent Taxes	2
IV. State of Montana:	
A. Not listed as First Mortgage on Insurance Policy	1
B. Mortgage not First Lien Against Property	1
V. Proof of Hazard Insurance not on File	11
VI. Proof of Taxes Paid not on File	19
VII. No Title Insurance on Loan	1

#### Illustration 1

Source: Prepared by the Office of the Legislative Auditor

The bank had no escrow account to pay the hazard insurance and taxes in the majority of these exceptions. Consequently the banks did not have adequate documentation to show compliance with the servicing agreement. Without documentation that the taxes and insurance are current, neither the bank nor the board can monitor compliance with the servicing agreement.

We notified the investment staff of our concern. The staff replied that the Board of Investments has recently considered

these problems and adopted a policy to purchase mortgages which utilize an escrow account. However, the final purchase decision is at the discretion of the board. To further ensure the implementation of this policy, the board should have future service agreements require the use of escrow accounts before a mortgage will be purchased. The board should also work with the servicing banks on the current agreements to help ensure all requirements for paid taxes and hazard insurance are met and documented.

#### RECOMMENDATION #3

WE RECOMMEND THE BOARD OF INVESTMENTS:

- A. MODIFY FUTURE SERVICE AGREEMENTS TO REQUIRE ESCROW ACCOUNTS ON MORTGAGES PRIOR TO PURCHASE APPROVAL.
- B. RESOLVE THE MORTGAGE FILE EXCEPTIONS WITH THE SERVICING ORGANIZATIONS.

#### INTERNAL CONTROL

We have examined the financial statements and schedules of the Montana Board of Investments for the fiscal year ended June 30, 1985. We issued our opinions dated September 27, 1985, on these statements and schedules. As part of our examination, we made a study and evaluation of the system of control of the Montana Board of Investments as required by generally accepted governmental auditing standards for financial and compliance audits. We classified the controls in the following categories:

- 1. general controls - SBAS entry;
- 2. Montana Common Stock Pool;
- 3. Short-Term Investment Pool; and
- 4. All Other Funds.

Our study included the control categories listed above. Through our study, we determined the nature, timing, and extent of our auditing procedures. We did not evaluate the control system to

the extent necessary to give an opinion on either individual segments or the system as a whole.

The management of the Montana Board of Investments is responsible for establishing and maintaining a system of accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable assurance that: 1) assets are safeguarded against loss from unauthorized use or disposition; 2) transactions are executed in accordance with management's authorization; and 3) transactions are recorded properly to permit the preparation of financial statements and schedules in accordance with generally accepted accounting principles and state accounting policies. Inherent limitations in any system of control may allow errors or irregularities to remain undetected. The current system evaluation should not be used to project to future periods since the procedures may become inadequate or compliance with them may deteriorate.

The limited purpose of our study described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of controls used by the Montana Board of Investments. However, our evaluation disclosed the conditions relating to reconciliations discussed on page 9 that could result in financial schedule errors that could be difficult to detect.

These conditions were considered in determining the nature, timing, and extent of the audit tests of the financial records. This report on internal control does not affect our opinions on the financial statements and schedules.

The preceding four paragraphs are intended solely for the use of management and the Legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon presentation to the Legislative Audit Committee, is a matter of public record.



## SBAS Reconciliations

The Board of Investments inputs investment transactions to SBAS to record the activity of the participating members. As an internal control measure, BOI currently performs a monthly reconciliation of its investment system to SBAS to ensure all activity was properly entered for each participant. Some of the participants also make investment entries to SBAS. Because of the participants' entries, the Board of Investments has difficulty with and in some cases finds they cannot perform the reconciliation between its investment system and SBAS for these participants.

In order to simplify the reconciliation process and eliminate the problem noted above, the Board of Investments should set up a system where its activity is recorded separately on SBAS from the activity of the participants. This would enable both BOI and the participants to make entries on SBAS without the participants' entries interfering with BOI's reconciliation process. SBAS currently has the capabilities to provide for this type of separation of accounting activities. The Board of Investments should coordinate this change with the Department of Administration, Accounting Division to ensure implementation.

### RECOMMENDATION #4

WE RECOMMEND THE BOARD OF INVESTMENTS WORK WITH THE DEPARTMENT OF ADMINISTRATION, ACCOUNTING DIVISION TO IMPLEMENT A SYSTEM TO ENABLE BOI TO RECORD ITS INVESTMENT ACTIVITY SEPARATELY ON SBAS.

## OTHER STATES

All states have one or more governmental agencies or boards responsible for investing state funds. We sent questionnaires to all state investment offices and collected information on organizational structures, staffing, expenditures, and investment activity. The original purpose of our survey was to compare the performance of the Montana Board of Investments with other states. However,

our results indicate that comparable performance analysis between state investment functions may be misleading due to:

- 1) varying statutory limitations on investments;
- 2) different investment objectives of the various states;
- 3) variations in the investment portfolio (long term vs. short term) of each state, partly due to 1) and 2) above;
- 4) organization and/or responsibility for the investment function;
- 5) the type of investments managed internally or externally; and
- 6) the incomplete or nonresponse from other states' investment officers.

The next four report sections provide examples from our survey from other state investment offices which provided detailed investment information. Examples of other states presented in the following report sections represent the most complete state responses from our survey of all 50 states. The information was taken from the survey response and was not subject to any additional audit procedures.

#### Authorization and Organization of the Investment Function

Investment agencies/boards generally have broad investment authority including establishing investment policies, interpreting investment performance and selection of outside money managers. Five of the state investment agencies/boards responding to the survey noted that they follow the prudent man or prudent expert rule. This rule suggests that reasonable judgment and care, similar to that exercised by "people of prudence, discretion, and intelligence in the management of their own affairs, and not for speculation but for investment," be used. Chapter 418 of the Montana Session Laws of 1985 adopted the "prudent expert" rule for state investments.

Within the broad investment authority and the prudent man rule noted above, the states we contacted have varying degrees of statutory limitations on the types of allowable investments. For example, some states limit investments to lower risk U.S. Government securities or certificates of deposits issued by in-state banks. Other states allow more risky investments in real estate and stocks. There is a direct correlation between earnings potential and the degree of risk. The higher risk investments may provide higher earnings; however, the potential for losses also increases with the degree of risk.

Organization of state investment offices varies from investment boards with an investment staff to state agencies, such as the state treasurer, which handle the investment function. We found that investment boards consisted of 5 to 14 members, with seven board members being the norm. We also noted that five of ten states contacted use external money managers to manage some investment funds. Five of the states indicated that a separate group handles retirement funds. The following illustrates the organization of the investment function in Montana and other states we surveyed.

ORGANIZATION OF THE STATE INVESTMENTS FUNCTION  
(Unaudited)

<u>State</u>	<u>Investments Managed By</u>	<u>Funds Managed</u>	
		<u>Internally</u>	<u>Externally*</u>
Montana	Board with investments staff	Yes	No
Minnesota	Board with investments staff	Yes	Yes
Wisconsin	Board with investments staff	Yes	No
Utah	State treasurer	Yes	No
Oregon	Board with investments staff	Yes	Yes
Washington	Board with investments staff	Yes	Yes
South Dakota	Investment council and investments staff	Yes	Yes
Pennsylvania	State treasurer	Yes	No
Maryland	State treasurer	Yes	No
California	Board with investments staff	Yes	No
Alaska	Department of Revenue	Yes	Yes

\*Fees for external money managers ranged from .015% to 2.5% of the amount of assets managed.

Source: Prepared by the Office of the Legislative Auditor

Illustration 2

Staffing and Operating Expenditures

Staffing levels and operating expenditures for state investment offices for fiscal year 1984-85 are shown in Illustration 3. This illustration notes the number of staff, operating expense, operating expense per staff, assets managed per staff, and operating expense per assets managed for various states in our survey. The illustration does not include assets managed by or fees paid to external money managers and therefore only illustrates internally managed assets and their applicable costs.

STAFFING AND EXPENDITURES ANALYSIS  
Fiscal Year 1984-85  
(Unaudited)

<u>State</u>	<u>Investments Staff</u>	<u>Operating Expenditures</u>	<u>Operating Expenditures Per Staff</u>	<u>Assets (Millions) Managed Per Staff</u>	<u>Operating Expenses per Million Dollars of Assets Managed</u>
Montana	16	\$ 756,037	\$ 47,252	\$ 123.750	\$ 382
Minnesota	25	1,345,000	53,800	369.600	146
Wisconsin	52	2,100,000	40,385	234.615	172
Utah	7	464,232	66,319	100.000	663
Oregon	8	1,080,000	135,000	937.500	144
Washington	14	732,450	52,318	628.571	83
South Dakota	9	528,456	58,717	120.000	489
Pennsylvania	10	634,836	63,484	407.000	156
Maryland	3	95,000	31,667	476.667	66
California	8	835,000	104,375	1,487.500	70
Alaska	24	450,000	18,750	180.833	104

Source: Prepared by the Office of the Legislative Auditor

Illustration 3

Investment Activity

During our audit, we attempted to collect detailed data by type of investment fund and associated rates of returns which would provide meaningful comparisons. We noted several factors which limit comparability. For example, states have varying statutory investment restrictions, different investment goals and objectives, and many states surveyed provided incomplete data. These factors make valid comparisons difficult. Illustration 4 summarizes investment activity for Montana and other states which provided the information requested.



TOTAL ASSETS MANAGED AND YIELDS  
Fiscal Year 1984-85 (except as noted)  
(Unaudited)

<u>State</u>	<u>Total Assets Managed Internally (In Billion Dollars)</u>	<u>Yield Percentage (All Funds)</u>
Montana	\$1.98	12.8
Utah	.7	9.2 - 9.44 <sup>1</sup>
Oregon	7.5	16.9 fixed <sup>1</sup> 4.05 equity <sup>1</sup>
Pennsylvania	4.07	9.7
Maryland	1.43	9.59
California	11.9	10.7
Alaska	4.34 <sup>2</sup>	9.83 - 10.48
New Jersey	12.72 <sup>2</sup>	8.86 <sup>2</sup>
Iowa - Pooled Fund	.34	9.45
Maine - Treasurer's Cash Pool	.20	10.10
New York - State Funds	3.51	9.82

<sup>1</sup>Based on January through December 1984 period.

<sup>2</sup>1983-84 figures.

Source: Prepared by the Office of the Legislative Auditor

Illustration 4

Overall Effectiveness of Investment Board/Agency

Montana and six of the states which responded have a private consultant evaluate their investment performance on an annual basis. Four other states either conduct their own comparisons with other states and local governmental entities, or they do not conduct an evaluation because they are a treasury cash management function only.

The private consultant compares the investment performance of various portions of a state's investment portfolio with commonly used market indices using the time-weighted rate of return. Time-weighted rate of return is a calculation widely used by investment firms to measure the performance of a money manager

or investment fund whose investment objective is to maximize the total value of the investment portfolio. The time-weighted rate of return provides a useful measure when comparing the performance of funds where cash flows may vary significantly.

Time-weighted rate of return figures may differ significantly from yield figures because yield figures reflect only the income actually earned (e.g., interest, dividends, and realized gains) during a given period of time. Time-weighted figures take into consideration income earned and unrealized market gains or losses during the same period. Therefore, the time-weighted rate of return figure may be higher or lower than the yield figure depending on whether the market value of the security(s) has increased or decreased since the beginning of the measurement period. For example, the following illustration contrasts the returns of the equity portion (common stocks) of Montana's portfolio against the Standard and Poor 500, A.G. Becker and Dow Jones Industrial Averages using the time-weighted rate of return method of calculating investment performance.

TIME-WEIGHTED RATE OF RETURN  
EQUITY PERFORMANCE  
Fiscal Year End 6/30/85  
(Unaudited)

Montana	35.1
Standard and Poor 500	31.1
Dow Jones Industrial Average	24.0
A.G. Becker 1st Quartile	33.9

Source: Prepared by the Office of the Legislative Auditor

Illustration 5

The fixed income (i.e., bonds) portion of the investment agencies' portfolio is listed in Illustration 6 with the Lehman Brothers Index and the Salomon Brothers Index.

TIME-WEIGHTED RATE OF RETURN  
BOND PERFORMANCE  
 Fiscal Year End 6/30/85  
 (Unaudited)

Montana	40.6
Lehman Brothers	34.8
Salomon Brothers	41.9

Source: Prepared by the Office of the Legislative Auditor

Illustration 6

The following illustration contains time-weighted rate of return figures for Montana, Minnesota, Washington, and South Dakota. Responses received from other states are not applicable because no information was provided or the other states use primarily short-term investments.

REPORTED TIME-WEIGHTED RATES OF RETURN  
Fiscal Year-end 6/30/85  
 (Unaudited)

	<u>Time-weighted Rate of Return</u>
Montana	
Common - Stock Pool	35.1
Bond Portfolio	40.6
Minnesota	22.9 to 32.1 <sup>1</sup>
Washington	17.3 <sup>2</sup>
South Dakota	
Retirement Funds	31.1 to 31.8
Short-term Funds	9.81

<sup>1</sup>Returns vary by funds. Funds may consist of bonds, stocks, and other types of investments.

<sup>2</sup>Four year internal rate of return figure.

Source: Prepared by the Office of the Legislative Auditor

Illustration 7

## Summary

It is our opinion that meaningful, comparable performance analysis of Montana's overall investment function with that of other states may not be made based on published data. The reader is cautioned to carefully consider the following factors which may affect any analysis: 1) varying statutory limitations; 2) different investment objectives; 3) variations in the investment portfolio (long-term vs. short-term); 4) organization or responsibility for the investment function; 5) internal vs. external management; and 6) incomplete information. A detailed performance audit would be required to evaluate selected investment functions. This type of audit work would require extensive research of each individual state to identify those instances where a reasonable basis exists to make performance comparisons. Such work would also require consultation with outside experts in the investment field.

## PRIOR AUDIT RECOMMENDATIONS

The previous audit of the Board of Investments, for the fiscal year ended June 30, 1984, contained five recommendations. Of the five recommendations, three have been implemented, one has not been implemented, and one is no longer applicable. The agency concurred with three and did not concur with one of the recommendations.

The recommendation not implemented related to portfolio reconciliations was directed to the Treasurer's Office. We brought this prior recommendation to the attention of officials at the Treasurer's Office and the Centralized Services Division, Department of Administration. The officials indicated they will take action to implement the recommendation.





AUDITOR'S REPORTS  
AND AGENCY FINANCIAL STATEMENTS AND SCHEDULES



STATE OF MONTANA  
BOARD OF INVESTMENTS

ALL OTHER FUNDS

FINANCIAL SCHEDULES

JUNE 30, 1985





## Office of the Legislative Auditor

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122



SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

## DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET  
FINANCIAL-COMPLIANCE AUDITS

JIM PELLEGRINI  
PERFORMANCE AUDITS

## LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee  
of the Montana State Legislature:

We have examined the Schedule of Investments Managed by the state of Montana Board of Investments All Other Funds as of June 30, 1985, the related Schedule of Investment Income and the Schedule of Changes in Investments Managed for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

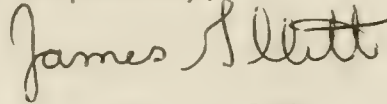
As described in Note 2 to the financial schedules, the Board of Investments' financial schedules are prepared in accordance with state accounting policy. Accordingly, the accompanying financial schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial schedules referred to above present fairly the investments managed by the state of Montana Board of Investments All Other Funds as of June 30, 1985, and its investment income and changes in its investments managed for the fiscal year then ended, in conformity with the basis of accounting described in Note 2 applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial schedules taken as a whole. The portfolio information as of June 30, 1985 (Appendix A, page 52), and the All Other Funds Schedule of Investment Income by Fund (page 26), are presented for purposes of additional analysis and are not a required part of the basic financial schedules. Such

information has been subjected to the auditing procedures applied in the examination of the basic financial schedules and, in our opinion, is fairly stated in all material respects in relation to the basic financial schedules taken as a whole.

Respectfully,

A handwritten signature in dark ink, appearing to read "James Gillett". The signature is written in a cursive, flowing style with some loops and flourishes.

James Gillett, CPA  
Deputy Legislative Auditor

September 27, 1985

STATE OF MONTANA  
BOARD OF INVESTMENTS  
ALL OTHER FUNDS  
SCHEDULE OF INVESTMENTS MANAGED  
JUNE 30, 1985

Investments managed at book value (current value of \$1,662,579,939 in 1985) (Note 2)	\$1,613,966,905
Dividends and interest receivable	41,681,972
Net unamortized deferred losses on bond swaps (Note 2)	42,693,069
Interest purchased receivable	<u>1,216,483</u>
TOTAL INVESTMENTS MANAGED	<u>\$1,699,558,429</u>

The accompanying notes are an integral part of these financial schedules.

STATE OF MONTANA  
BOARD OF INVESTMENTS  
ALL OTHER FUNDS  
SCHEDULE OF INVESTMENT INCOME  
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

Income:	
Interest income	\$182,788,245
Dividend income	5,106
Realized gain on sale of investments	1,057,055
Rental income	<u>27,252</u>
Total Income	<u>183,877,658</u>
Expenses:	
Administrative expenses	(466,753)
Net amortization of deferred losses on bond swaps (Note 2)	<u>(4,015,412)</u>
Total Expenses	<u>(4,482,165)</u>
NET INVESTMENT INCOME	<u>\$179,395,493</u>

The accompanying notes are an integral part of these financial schedules.



STATE OF MONTANA  
BOARD OF INVESTMENTS  
ALL OTHER FUNDS  
SCHEDULE OF CHANGES IN INVESTMENTS MANAGED  
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

TOTAL INVESTMENTS MANAGED		
Beginning of Year		\$1,538,720,291
Net investment income	\$ 179,395,493	
Income remitted to agencies	<u>(177,467,214)</u>	
Increase in dividends and interest receivable		1,928,279
Interest purchased during the year	5,807,680	
Collection of interest purchased during the year	<u>(6,380,266)</u>	
Increase (decrease) in interest purchased receivable		(572,586)
Net bond swap gains/losses incurred during the year	2,013,913	
Net amortization of deferred bond swap losses	<u>(4,015,412)</u>	
Increase (decrease) in net unamortized deferred gains/losses on bond swaps		(2,001,499)
Increase in book value of investments due to net amortization of discounts and premiums		4,665,599
Investments purchased	8,406,563,426	
Investments sold and matured	<u>(8,249,745,081)</u>	
Increase in book value of investments purchased		<u>156,818,345</u>
TOTAL INVESTMENTS MANAGED		
END OF YEAR		<u>\$1,699,558,429</u>

The accompanying notes are an integral part of these financial schedules.

STATE OF MONTANA - BOARD OF INVESTMENTS

ALL OTHER FUNDS

NOTES TO FINANCIAL SCHEDULES

JUNE 30, 1985

1. HISTORY AND ORGANIZATION

The state of Montana Board of Investments (the board) was created by an act of the Legislature to invest and manage the state of Montana's investment funds on a centralized basis. The investments and the income therefrom are owned by various state of Montana agency funds and managed on their behalf by the board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments, except mortgages, are presented in the schedule of investments managed at book value (original cost adjusted for discount and premium amortization where applicable). Mortgages are presented in the schedule of investments managed at par value. Mortgage discounts are recorded in the accounting records of the applicable administering agencies. Current values for publicly traded securities are determined primarily by reference to market prices supplied to the board by various brokerage houses. Unrealized market loss on investments managed decreased by \$119,439,218 in 1985. The investments managed relate principally to investments which will be held to maturity or otherwise disposed of at no significant loss to the fund.

Premium and discounts are amortized using the straight-line method over the life of the securities. An average life of eight years is used for amortization of mortgage discounts.

## Bond Swaps

Bond swaps involve trading one security for another security having the same par value for the purpose of enhancing portfolio content and/or yield. The board defers gains and losses resulting from bond swaps and amortizes such gains and losses over the shorter of either the remaining life of bonds sold or the replacement bonds purchased. As shown in the accompanying financial schedules the accumulated net unamortized deferred losses on bond swaps as of June 30, 1985, and the net amortization of the deferred losses on bond swaps for the year then ended was:

June 30, 1985

Accumulated net unamortized losses  
on bond swaps:

Agencies other than Public  
Retirement Systems  
Public Retirement Systems  
Total

\$15,313,247  
27,379,822  
\$42,693,069

Net amortization of deferred losses  
on bond swaps:

Agencies other than Public  
Retirement Systems  
Public Retirement Systems  
Total

\$ 1,501,057  
2,514,355  
\$ 4,015,412

### 3. INVESTMENTS NOT UNDER DIRECT CONTROL

Land and buildings, the cost of which are also included in investments managed in the accompanying financial schedules, are not under direct control of the board. The agencies administering these assets maintain control and provide the board with the necessary financial information. Rental income from these buildings is included in the schedule of investment income; however, occupancy and depreciation charges relating to the buildings are not material and have not been included in the schedule of investment income.

The book value of land and buildings included in the investments managed in the accompanying financial schedule was \$267,417 at June 30, 1985.

#### 4. SECURITIES LENDING

The board has an agreement with Manufacturers Hanover Trust Company (Manufacturers) whereby Manufacturers would loan to other entities securities managed by the board. During the period the securities are on loan, the board receives a fee and Manufacturers must maintain collateral equal to 102 percent of the market value of the securities loaned. The board retains all rights and risks of ownership during the loan period. Included in interest income in the accompanying financial schedules is \$444,289 for the year ended June 30, 1985, of income from securities lending activities. At June 30, 1985, approximately \$120,855,896 of securities included in these financial schedules had been loaned by Manufacturers to other entities.

STATE OF MONTANA - BOARD OF INVESTMENTS  
ALL OTHER FUNDS  
SCHEDULE OF INVESTMENT INCOME BY FUND

	1985	
	Income Remitted to Agencies	Net Investment Income
Treasurers Fund	\$ 13,233,926	\$ 12,870,620
Public Employees' Retirement Fund	42,026,337	43,003,376
Teachers' Retirement Fund	31,372,701	32,171,604
Trust and Legacy Fund	19,275,116	19,358,472
Workers' Compensation Fund	7,401,181	7,090,722
Highway Building Complex Sinking Fund	56,243	48,494
Statewide Police Reserve Fund	1,586,793	1,676,820
Sheriffs' Retirement Fund	1,454,797	1,522,785
Educational Trust Fund	7,806,908	8,039,359
Volunteer Firemen's Fund	371,562	386,733
Permanent Trust Fund	25,310,298	26,006,240
Montana State University Trust Fund	38,517	41,103
Eastern Montana College Trust Fund	96,979	96,464
Common School I & I Fund	2,461,226	2,639,187
Game Wardens' Retirement Fund	503,547	526,293
Social Security Fund	508,165	523,340
Montana Judges' Retirement Fund	541,108	564,718
Hail Insurance Fund	40,706	40,706
Subsequent Injury Fund	258,449	255,386
Highway Patrol Retirement Fund	1,135,028	1,163,568
Resource Indemnity Fund	5,368,880	5,325,349
Montana Tech, P.E. Building S.F.	165	(1,656)
William L. Murphy Fund	1,171	1,171
Teachers' Retirement Fullam Fund	(8)	(8)
Dixon Endowment Fund	3,820	3,820
Peter Potter Trust Fund	(12)	(12)
Crime Victims' Fund	57,759	59,728
Agency Insurance Fund	760,163	874,715
Series 1981 Fund	421,215	47,115
Firefighters' Unified Retirement Fund	1,252,616	1,341,459
Capitol Renovation Fund	136,384	610,617
Highway Revenue Bond Proceeds Fund	3,463,972	2,929,860
Highway Revenue Bond Debt Service Fund	1,277,230	1,276,945
1983 Fish, Wildlife and Parks Bonded Program Fund	196,673	197,010
Highway Revenue Bond Construction Fund	2,649,315	2,356,168
Highway Revenue Bond Capitalized Interest Fund	359,280	226,289
Airport Loans Special Revenue Fund	131,807	84,266
Lease Participation Certificates Fund	24,964	24,623
DNRC Water Development Fund	88,112	81,446
Uninsured Employers' Fund	18,488	18,896
Group Benefits Fund	584,595	452,871
1983 Long Range Building Bonded Program Fund	2,647,311	2,588,794
Coal Tax Park Acquisition Fund	1,271,111	1,429,007
Long Range Building Fund	185,971	185,587
Everett Lynn Trust Fund	2,507	7,078
Historical Society Donations Fund	5	4,669
Charles Bair Trust Fund	92	1,945
Real Property Trust Fund	47,857	50,015
1984 Series A Proceeds Fund	384,734	384,734
Debt Service Reserve Fund	66,960	130,754
Rail Construction Fund	198,237	198,237
BN Geraldine Settlement Fund	184,405	184,405
BN Geraldine Connector Fund	178,947	268,967
Housing Authority Fund	19,243	19,243
Coast Trading Trust Fund	3,658	5,396
Totals	<u>\$177,467,214</u>	<u>\$179,395,493</u>





STATE OF MONTANA  
BOARD OF INVESTMENTS

SHORT-TERM INVESTMENT POOL

FINANCIAL STATEMENTS

JUNE 30, 1985 AND 1984



# Office of the Legislative Auditor



SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET  
FINANCIAL-COMPLIANCE AUDITS

JIM PELLEGRINI  
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee  
of the Montana State Legislature:

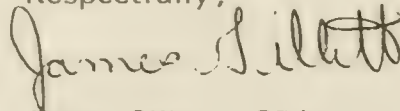
We have examined the Statement of Investments Managed by the state of Montana Board of Investments Short-Term Investment Pool as of June 30, 1985, the related Statement of Investment Income and Distributions and Statement of Changes in Investments Managed for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the state of Montana Board of Investments Short-Term Investment Pool for the year ended June 30, 1984, were examined by other auditors whose report dated September 12, 1984, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to in paragraph one present fairly the investments managed by the state of Montana Board of Investments Short-Term Investment Pool as of June 30, 1985 and 1984, and its investment income and changes in its investments managed for the fiscal years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The portfolio information as of June 30, 1985 (Appendix A, page 52),

and the Short-Term Investment Pool Schedule of Investment Income by Fund (page 34), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in dark ink, appearing to read "James Gillett". The signature is written in a cursive style with a large initial "J" and a stylized "G".

James Gillett, CPA  
Deputy Legislative Auditor

September 27, 1985



STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL  
STATEMENT OF INVESTMENTS MANAGED  
JUNE 30, 1985 AND 1984

	<u>1985</u>	<u>1984</u>
Cash	\$ 57,672	\$ 41,105
Interest receivable	5,059,841	5,378,210
Investments managed at current value (cost of \$241,405,560 in 1985 and \$226,557,908 in 1984) (Note 2)	<u>245,169,148</u>	<u>219,720,208</u>
TOTAL ASSETS	250,286,661	225,139,523
Accrued expenses	<u>(23,091)</u>	<u>(23,091)</u>
Value of units	250,263,570	225,116,432
Income due participants	<u>(1,815,756)</u>	<u>(2,106,583)</u>
NET ASSET VALUE	<u>\$218,447,814</u>	<u>\$223,009,849</u>
Units outstanding	255,619	241,709
Unit Value	\$ 979.05	\$ 931.35

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL  
STATEMENT OF INVESTMENT INCOME AND DISTRIBUTIONS  
FOR THE FISCAL YEARS ENDED JUNE 30, 1985 AND 1984

	<u>1985</u>	<u>1984</u>
Interest income	\$24,655,404	\$25,667,202
Administrative expenses (Note 2)	(271,881)	(272,626)
Net income	<u>24,383,523</u>	<u>25,394,576</u>
Income purchased by participants	4,733,071	4,804,005
Income due participants, beginning of year	<u>2,106,583</u>	<u>2,086,737</u>
Income available for distribution	<u>31,223,177</u>	<u>32,285,318</u>
Income distributed on units sold (Note 2)	4,224,588	5,096,605
November distribution (Note 2)	12,944,740	12,537,439
May distribution (Note 2)	<u>12,238,093</u>	<u>12,544,691</u>
Total distributions	<u>29,407,421</u>	<u>30,178,735</u>
Income due participants, end of year	<u>\$ 1,815,756</u>	<u>\$ 2,106,583</u>

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL  
STATEMENT OF CHANGES IN INVESTMENTS MANAGED  
FOR THE FISCAL YEARS ENDED JUNE 30, 1985 AND 1984

	<u>1985</u>	<u>1984</u>
Net asset value, beginning of year	\$223,009,849	\$243,775,573
Value of units purchased by participants	166,731,356	157,669,166
Changes in current value of investments managed	12,246,710	(8,044,722)
Value of units sold by participants	<u>(153,540,101)</u>	<u>(170,390,168)</u>
Net asset value, end of year	<u>\$248,447,814</u>	<u>\$223,009,849</u>

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS

SHORT-TERM INVESTMENT POOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1985

1. HISTORY AND ORGANIZATION

The state of Montana Board of Investments (board) was created by an act of the Legislature to invest and manage the state of Montana's investment funds on a centralized basis. The Short-Term Investment Pool (STIP) provides a short-term investment vehicle to participants (state and local governmental units) with a relatively small amount to invest. Investment in STIP affords the participant liquidity and a return on their investment. The investments and the income of STIP are owned by the participants as they purchase units and are managed on their behalf by the board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Administrative Expenses

Administrative expenses incurred by the board are charged to STIP daily based on the board's expenses applicable to STIP.

Income Distribution

The value of units purchased or sold includes a daily computation of net asset value and income; therefore, income to point of sale is included in proceeds to the seller. Cash distributions of income are made to continuing participants on the last working day in the months of May and November. The amounts shown for value of units purchased and sold by participants are net of income purchased and income sold, respectively.

### Money Max System

The board utilizes an automated system (Money Max) for STIP accounting. Money Max automatically accrues investment income and expenses, computes unit values, etc., on an individual fund basis. Current values for investments are determined by Money Max through direct computer access from a New York securities valuation firm. Investments are presented in the statements of investments managed at current value. The value of investments managed is adjusted daily for changes in the current value.

### Securities Lending

The board has an agreement with Manufacturers Hanover Trust Company (Manufacturers) whereby Manufacturers would loan to other entities securities managed by the board. During the period the securities are on loan, the board receives a fee and Manufacturers must maintain collateral equal to 102 percent of the market value of the securities loaned. The board retains all rights and risks of ownership during the loan period. Included in interest income in the accompanying financial statements is \$94,885 for the year ended June 30, 1985, and \$95,148 for the year ended June 30, 1984, of income from securities lending activities. At June 30, 1985, approximately \$31,373,607 and at June 30, 1984, approximately \$31,148,312 of securities included in these financial statements had been loaned by Manufacturers to other entities.



STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL  
SCHEDULE OF INVESTMENT INCOME BY FUND

	1985		1984	
	Income Remitted to Agencies	Net Investment Income	Income Remitted to Agencies	Net Investment Income
Treasurers' Fund	\$12,300,538	\$12,049,405	\$12,856,343	\$12,932,386
Resource Indemnity Fund	158,367	184,542	75,839	50,263
Common School I&I Fund	344,873	305,738	681,908	664,654
Long Range Building Fund	490,795	471,480	394,510	420,694
Educational Trust Fund	310,279	320,482	206,011	208,195
Highway Patrol Retirement Fund	42,913	44,190	17,648	18,517
Police Retirement Fund	150,397	147,824	65,508	68,621
Local Impact Fund	600,749	589,697	633,469	627,832
Sheriffs' Retirement Fund	96,815	93,366	83,908	87,492
Montana State University	655,215	645,268	585,480	588,222
Hail Insurance Fund	325,662	321,238	270,105	272,870
Permanent Coal Trust Fund	1,631,205	1,681,799	1,681,878	1,621,682
Agency Insurance Fund	160,889	155,198	159,776	103,647
Game Wardens' Retirement Fund	26,653	26,710	17,025	16,821
Montana Judges' Retirement Fund	28,143	28,961	16,266	16,694
Volunteer Firemens' Retire- ment Fund	35,799	35,024	28,603	30,229
Subsequent Injury Fund	18,326	18,779	13,396	14,224
University of Montana	606,453	577,003	597,124	622,919
Coal Tax Park Acquisition	209,593	199,256	624,270	561,804
Lands Resource Development Fund	104,235	101,769	125,598	124,582
Montana Tech	159,593	145,522	193,998	198,929
Woodville Highways Replace- ment Fund	83,375	81,556	79,585	79,541
Eastern Montana College	-0-	-0-	-0-	-0-
Montana Rural Rehabilita- tion Fund	35,730	35,976	12,669	13,851
Northern Montana College	83,142	82,440	32,697	32,553
William L. Murphy Fund	1,857	1,826	1,890	1,905
Wheat Research & Marketing Fund	66,775	61,495	67,125	69,420
Livestock Fund	230,736	224,290	248,429	247,400
Western Montana College	16,635	17,177	7,157	7,330
Flood Insurance Fund	34,169	33,889	14,268	15,251
Agriculture Funds	14,114	13,567	16,819	16,702
Deaf & Blind Fund	-0-	-0-	12,281	10,837
Board of Oil-Gas Fund	54,194	53,636	45,293	45,892
Foster Children Fund	3,226	3,173	3,148	3,095
TRS - Minnie Fullam Fund	3,296	3,270	2,955	3,020
Water-Waste Water Operators Fund	2,324	2,342	1,335	1,353
Uninsured Employers' Fund	34,317	34,777	22,898	23,827
Potter Trust Fund	2,045	2,056	1,013	1,024
Eugene W. Price Scholarship Fund	1,271	1,250	1,293	1,303

SHORT-TERM INVESTMENT POOL  
SCHEDULE OF INVESTMENT INCOME BY FUND  
(Continued)

	1985		1984	
	Income Remitted to Agencies	Net Investment Income	Income Remitted to Agencies	Net Investment Income
Crime Victims' Fund	19,713	19,605	16,576	17,749
Group Benefits Fund	770,007	810,183	591,447	582,678
Joseph Homan Fellowship Fund	320	303	356	342
Guaranteed Student Loan Reserve Fund	236,356	242,101	145,827	153,815
Series 1981 Fund	236,078	234,693	371,931	356,476
Workers' Comp Building Fund	121,015	119,009	185,422	182,193
Job Service Fund	41,268	39,074	128,885	122,727
Capitol Renovation Fund	141,965	97,058	511,345	520,801
Moderate Rehabilitation Fund	5,171	5,484	1,870	2,167
Operating Reserve Fund	35,809	36,650	18,425	19,724
Firefighters' Unified Retirement Fund	252,195	248,015	256,658	258,748
Highway Revenue Bonds - Proceeds	230,992	194,463	770,479	817,360
Highway Revenue Bonds - Debt Service	44,561	40,853	47,022	51,504
Highway Revenue Bonds - Construction	850,907	851,056	563,196	627,288
Highway Revenue Bonds - Capitalized Interest	43,511	40,161	43,327	48,062
Montana Instate Investments Fund	1,384,694	1,424,358	412,973	507,404
DOE Section ISS Grant Fund	52,689	52,541	35,216	39,663
Warner Amendment Fund	30,623	29,561	23,494	26,459
Long Range Building 1983 Fund	466,003	467,942	294,023	330,595
Fish, Wildlife & Parks Bonded Program Fund	66,106	63,582	38,944	44,124
DNRC Water Development Fund	36,819	38,612	21,364	22,873
DNRC Bond Proceeds Fund	211,341	251,037		
DNRC Debt Service Fund	18,042	18,042		
Tech Group Insurance Fund	82,551	93,509		
Everett Lynn Trust Fund	406	434		
BN Geraldine Settlement Fund	104,890	121,816		
Rail Construction Fund	75,445	97,902		
DNRC Debt Service Reserve Fund	242	306		
MEDB Bond Guarantee	113	163		
BN Geraldine Connector	3,110	3,167		
Other Non-State Agencies	280,416	236,284	505,562	509,053
Totals	<u>\$24,968,056</u>	<u>\$24,673,935</u>	<u>\$24,883,860</u>	<u>\$25,067,386</u>



STATE OF MONTANA  
BOARD OF INVESTMENTS

SHORT-TERM INVESTMENT POOL II

FINANCIAL STATEMENTS

JUNE 30, 1985





## Office of the Legislative Auditor



SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122

## DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET  
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI  
PERFORMANCE AUDITS

## LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee  
of the Montana State Legislature:

We have examined the Statement of Investments Managed by the state of Montana Board of Investments STIP II as of June 30, 1985, the related Statement of Investment Income and Distributions and Statement of Changes in Investments Managed for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the investments managed by the state of Montana Board of Investments STIP II as of June 30, 1985, and its investment income and changes in its investments managed for the fiscal year then ended, in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The portfolio information as of June 30, 1985 (Appendix A, page 52), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in cursive script that reads "James Gillett".

James Gillett, CPA  
Deputy Legislative Auditor

September 27, 1985



STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL II  
STATEMENT OF INVESTMENTS MANAGED  
JUNE 30, 1985

Cash	\$ 6,249
Interest receivable	17,751
Investments managed at current cost	<u>9,036,514</u>
 TOTAL ASSETS	 9,060,514
 Income due participants	 <u>(5,114)</u>
 NET ASSET VALUE	 <u>\$9,055,400</u>
  Units outstanding	  90,554
Unit value	\$ 100.06

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL II  
STATEMENT OF INVESTMENT INCOME AND DISTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

Interest income	\$51,952
Income purchased by participants	4,794
Income due participants beginning of year	-0-
Income available for distribution	<u>56,746</u>
Income distributed on units sold (Note 2)	16
Distribution (Note 2)	<u>51,616</u>
Total distributions	<u>51,632</u>
Income due participants, end of year	<u>\$ 5,114</u>

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS  
SHORT-TERM INVESTMENT POOL II  
STATEMENT OF CHANGES IN INVESTMENTS MANAGED  
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

Net asset value, beginning of year <sup>1</sup>	\$ -0-
Value of units purchased by participants	9,058,600
Value of units sold by participants	<u>(3,200)</u>
Net asset value, end of year	<u>\$9,055,400</u>

<sup>1</sup> See Note 1

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS

SHORT-TERM INVESTMENT POOL II

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1985

1. HISTORY AND ORGANIZATION

The state of Montana Board of Investments (board) was created by an act of the Legislature to invest and manage the state of Montana's investment funds on a centralized basis.

As of May 31, 1985, the Short-Term Investment Pool II (STIP II) was implemented as an eventual total replacement to STIP. The purpose of STIP II is to obtain the highest possible return, yet maintain a highly liquid position whereby funds may be invested for relatively short periods, one day or more, depending upon the participant's anticipated use of funds. The investments and the income of STIP II are owned by the participants as they purchase units and are managed on their behalf of the board. At this time, participation in STIP II is limited to local governments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STIP II distributes income as of the last business day of each month, with the option of having the income automatically reinvested in additional units. The total price to buy or sell a unit is reduced by the amount of the income distributed on each distribution date.

Participants who sell units between distribution dates receive the respective investment income in the total price of the unit at the date of sale.

The unit value is fixed at \$100 per unit. The total price to buy or sell a unit is \$100 plus the accrued income per unit. The income per unit is the amount of income accrued since the last monthly distribution.



A unit purchased by a participant begins accruing income on the day it is purchased and ceases to accrue income on the day before the unit is sold.

The portfolio of investments in STIP II is kept under one year in maturity and is carried at cost or amortized cost. This portfolio structure allows for the fixing of the worth of the unit.



STATE OF MONTANA  
BOARD OF INVESTMENTS

MONTANA COMMON STOCK POOL

FINANCIAL STATEMENTS

JUNE 30, 1985 AND 1984



## Office of the Legislative Auditor

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122



SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

## DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET  
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI  
PERFORMANCE AUDITS

## LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee  
of the Montana State Legislature:

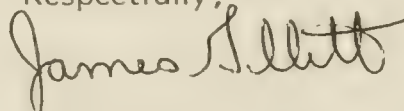
We have examined the Statement of Investments Managed by the state of Montana Board of Investments Montana Common Stock Pool as of June 30, 1985, and the related Statement of Investment Income and Distributions and Statement of Changes in Investments Managed for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the state of Montana Board of Investments Montana Common Stock Pool for the year ended June 30, 1984, were examined by other auditors whose report dated September 12, 1984, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to in paragraph one present fairly the investments managed by the state of Montana Board of Investments Montana Common Stock Pool as of June 30, 1985 and 1984, and its investment income and changes in its investments managed for the fiscal years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The portfolio information as of June 30, 1985 (Appendix A, page 52), and the Schedule of Investment Income by Fund (page 49), are

presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in dark ink, appearing to read "James Gillett". The signature is fluid and cursive, with the first name "James" being more prominent than the last name "Gillett".

James Gillett, CPA  
Deputy Legislative Auditor

September 27, 1985



STATE OF MONTANA - BOARD OF INVESTMENTS  
MONTANA COMMON STOCK POOL  
STATEMENT OF INVESTMENTS MANAGED  
JUNE 30, 1985 AND 1984

	<u>1985</u>	<u>1984</u>
Cash	\$ 31,656	\$ 11,523
Dividend receivable	474,888	565,693
Interest receivable	577,721	35,795
Investments managed at current value (cost of \$121,026,155 in 1985 and \$103,284,245 in 1984)	<u>172,497,084</u>	<u>129,540,845</u>
TOTAL ASSETS	173,581,349	130,153,856
Income due participants	<u>(2,227)</u>	<u>(2,899)</u>
NET ASSET VALUE	<u>\$173,579,122</u>	<u>\$130,150,957</u>
Units outstanding	110,027	101,389
Unit value	\$ 1,577.60	\$ 1,283.68

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS  
MONTANA COMMON STOCK POOL  
STATEMENT OF INVESTMENT INCOME AND DISTRIBUTIONS  
FOR THE FISCAL YEARS ENDED JUNE 30, 1985 AND 1984

	<u>1985</u>	<u>1984</u>
Interest income	\$8,593,485	\$7,623,001
Income due participants, beginning of year	<u>2,899</u>	<u>1,170</u>
Income available for distribution	8,596,384	7,624,171
Distribution (Note 2)	<u>(8,594,157)</u>	<u>(7,621,272)</u>
Income due participants, end of year	<u>\$ 2,227</u>	<u>\$ 2,899</u>

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS  
MONTANA COMMON STOCK POOL  
STATEMENT OF CHANGES IN INVESTMENTS MANAGED  
FOR THE FISCAL YEARS ENDED JUNE 30, 1985 AND 1984

	<u>1985</u>	<u>1984</u>
Net asset value, beginning of year	\$130,150,957	\$130,046,761
Transfer of stock at market and cash to pool (Note 2)	-0-	-0-
Value of units purchased by participants (Note 2)	11,783,829	11,701,005
Value of units sold by participants (Note 2)	-0-	(71,681)
Changes in current value of investments managed	<u>31,644,336</u>	<u>(11,525,128)</u>
Net asset value, end of year	<u>\$173,579,122</u>	<u>\$130,150,957</u>

The accompanying notes are an integral part of these financial statements.

STATE OF MONTANA - BOARD OF INVESTMENTS

MONTANA COMMON STOCK POOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1985

1. HISTORY AND ORGANIZATION

The state of Montana Board of Investments (board) was created by an act of the Legislature to invest and manage the state of Montana's investment funds on a centralized basis. The Montana Common Stock Pool (Mont-Comp) was created in order to allow retirement funds the opportunity to participate in the equity market via a diversified pool.

Mont-Comp was created as of July 1, 1980, by the transfer from all other funds to Mont-Comp of all common stock owned by the Public Employees' Retirement System and the Teachers' Retirement System.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The Public Employees' Retirement System and the Teachers' Retirement System transferred virtually all stock owned into Mont-Comp at the start-up date and were issued units according to the market value of their contribution, retaining their original total cost basis.

The initial unit value as of July 1, 1980, was \$1,000. Unit values thereafter are calculated once a month at the close of the last business day of the month based upon the market value of the Mont-Comp equity holdings and other assets. Participants may only buy or sell units on the first business day of each month.

Mont-Comp distributes to each participant investment income on the last business day of each month. This distribution is

based on the full accrual basis so that all dividends and interest accrued during the month are returned to the participants based on the number of their units outstanding.

### 3. SECURITIES LENDING

The board has an agreement with Manufacturers Hanover Trust Company (Manufacturers) whereby Manufacturers would loan to other entities securities managed by the board. During the period the securities are on loan, the board receives a fee and Manufacturers must maintain collateral equal to 102 percent of the market value of the securities loaned. The board retains all rights and risks of ownership during the loan period. Included in interest income in the accompanying financial statements is \$27,929 for the year ended June 30, 1985, and \$27,233 for the year ended June 30, 1984, of income from securities lending activities. At June 30, 1985, approximately \$13,345,182 and at June 30, 1984, approximately \$8,369,954 of securities included in these financial statements had been loaned by Manufacturers to other entities.







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STATE OF MONTANA  
BOARD OF INVESTMENTS

AGENCY REPLY



DEPARTMENT OF ADMINISTRATION  
BOARD OF INVESTMENTS



TED SCHWINDEN, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444 2656

HELENA, MONTANA 59620

November 18, 1985

Scott A. Seacat  
Legislative Auditor  
State Capitol  
Helena, MT 59620

Dear Scott:

In regard to the 1985 fiscal year audit of the Board of Investments, we have listed your recommendations and our responses.

Recommendation #1

We recommend the Board of Investments develop procedures for better control of software development projects.

Response: We concur. We are over 60% complete in testing the system and are confident that we have a workable and more efficient system for the future.

Recommendation #2

We recommend the Board of Investments utilize the standard computer software development contract for future consultant engagements in compliance with state policy.

Response: We concur.

Recommendation #3

We recommend the Board of Investments:

- A. Modify future service agreements to require escrow accounts on mortgages prior to purchase approval.

B. Resolve the mortgage file exceptions with the servicing organizations.

Response:

A. We concur.

B. We concur. All but two of the exceptions have been resolved and the two remaining are in the process of being corrected.

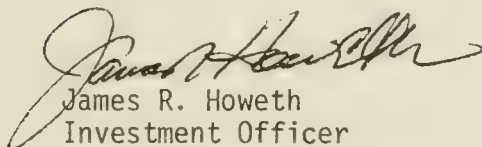
Recommendation #4

We recommend the Board of Investments work with the Department of Administration, Accounting Division to implement a system to enable BOI to record its investment activity separately on SBAS.

Response: We concur. The overall reconciliation responsibilities of SBAS are at the agency level. We will assist the Department of Administration in implementing procedures which will improve the reconciliation process.

The Board of Investments appreciates that the audit was conducted in a professional and courteous manner.

Sincerely,



James R. Howeth  
Investment Officer

JRH/mmw



STATE OF MONTANA  
BOARD OF INVESTMENTS

APPENDIX A

PORTFOLIO OF INVESTMENTS





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AGENCY INSURANCE

PAR VALUE  
(000)

SECURITY

INTEREST  
RATE

MATURITY  
DATE

BOOK  
VALUE

MARKET  
VALUE

GOVERNMENT SECURITIES

4,820  
1,325  
2,000

US Treasury Bills  
US Treasury Notes  
US Treasury Notes

10.500  
10.875

8/08/85  
11/30/85  
2/28/86

4,300,479  
1,324,320  
1,998,213

4,356,142  
1,341,152  
2,040,620

TOTAL GOVERNMENT SECURITIES

8,145

7,623,012

7,737,914

244

SHORT TERM INVESTMENT POOL

243,736

270,202

8,389

AGENCY INSURANCE TOTAL

7,866,748

8,008,116

AIRPORT LOANS SPECIAL REVENUE

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
145	US Treasury Bills		7/25/85	143,868	144,558
145	TOTAL GOVERNMENT SECURITIES			143,868	144,558
145	AIRPORT LOANS SPECIAL REVENUE TOTAL			143,868	144,558

## BN GERALDINE SETTLEMENT CONNECTOR

PAR VALUE  
(000)

SECURITY

INTEREST  
RATEMATURITY  
DATEBOOK  
VALUEMARKET  
VALUE

## GOVERNMENT SECURITIES

3,000

US Treasury Notes

11.875

9/30/86

2,995,878

3,126,570

3,000

TOTAL GOVERNMENT SECURITIES

2,995,878

3,126,570

8

SHORT TERM INVESTMENT POOL

7,721

7,776

3,008

BN GERALDINE SETTLEMENT CONNECTOR TOTAL

3,003,599

3,134,346

CHARLES BAIR TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	SHORT TERM SECURITIES				
450	BAC: Citibank		7/01/85	448,148	448,240
450	TOTAL SHORT TERM SECURITIES			448,148	448,240
450	CHARLES BAIR TRUST TOTAL			448,148	448,240



COAL TAX PARK ACQUISITION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
400	Engelhard Minerals & Chemicals	11.750	8/01/05	377,308	404,536
400	JC Penney	12.000	7/15/10	372,206	412,916
800	SUBTOTAL INDUSTRIAL			749,513	817,452
UTILITIES					
445	Atlantic City Elec	12.625	1/01/10	451,563	472,359
400	Central Pwr & Lt	12.375	1/01/10	386,853	416,652
300	Chesap & Potomac Tel Wash DC	13.000	4/15/17	299,286	325,566
400	Duke Pwr	10.875	10/01/09	347,007	381,112
400	Houston Lt & Pwr	12.375	3/15/13	382,107	409,048
400	Int'l Tel & Tel	12.625	2/01/05	399,538	424,900
400	Pacific Gas & Elec	12.875	8/01/13	388,535	427,948
1,000	Southwestern Bell Tel	12.750	2/15/25	1,000,000	1,070,000
300	Wisconsin Tel	11.375	6/01/17	271,062	294,774
4,045	SUBTOTAL UTILITIES			3,925,951	4,222,359
OTHER					
400	Union Pacific RR	11.875	9/01/10	384,115	391,000
400	Union Tank Car	11.800	5/15/00	378,963	401,268
800	SUBTOTAL OTHER			763,078	792,268
5,645	TOTAL CORPORATES			5,438,542	5,832,079

COAL TAX PARK ACQUISITION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CANADIAN OBLIGATIONS					
200	BC Hydro	12.500	9/01/13	201,964	205,000
400	Hydro Quebec	13.250	12/15/13	400,000	477,888
600	TOTAL CANADIAN OBLIGATIONS			601,964	682,888
GOVERNMENT SECURITIES					
1,000	US Treasury Notes	11.750	11/15/93	960,306	1,080,000
500	US Treasury Notes	11.375	2/15/89	498,520	527,345
500	US Treasury Notes	11.250	12/31/87	493,641	524,690
500	US Treasury Notes	11.750	1/15/91	503,006	537,655
500	US Treasury Notes	11.750	5/15/89	498,428	533,750
500	US Treasury Notes	12.375	4/15/91	499,935	548,125
500	US Treasury Notes	13.750	7/15/91	500,886	577,500
300	US Treasury Notes	12.750	11/15/89	299,526	330,657
1,000	US Treasury Notes	11.250	2/15/95	993,521	1,056,880
1,981	GNMA Pool 66786	10.000	9/15/13	1,716,703	1,867,707
7,281	TOTAL GOVERNMENT SECURITIES			6,964,472	7,584,309
861	SHORT TERM INVESTMENT POOL			860,550	883,503
14,387	COAL TAX PARK ACQUISITION TOTAL			13,865,529	14,982,778

COAST TRADING TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
185	US Treasury Bills		7/25/85	182,356	183,300
185	TOTAL GOVERNMENT SECURITIES			182,356	183,300
185	COAST TRADING TRUST TOTAL			182,356	183,300

## COMMON SCHOOL I &amp; I

PAR VALUE  
(000)

SECURITY

INTEREST  
RATEMATURITY  
DATEBOOK  
VALUEMARKET  
VALUE

## GOVERNMENT SECURITIES

2,000

US Treasury Bills

1/23/86

1,838,218

1,935,853

3,200

US Treasury Bills

2/20/86

2,925,301

3,102,648

2,700

US Treasury Bills

2/20/86

2,466,990

2,619,094

1,200

US Treasury Bills

2/20/86

1,096,777

1,164,535

1,000

US Treasury Bills

2/20/86

914,402

973,740

1,000

US Treasury Bills

2/20/86

914,973

997,441

2,800

US Treasury Bills

2/20/86

2,575,757

2,736,419

4,940

US Treasury Bills

2/20/86

4,600,482

4,932,554

∞

535

US Treasury Bills

2/20/86

500,546

528,660

400

US Treasury Bills

2/20/86

377,243

396,904

275

US Treasury Bills

2/20/86

261,965

274,890

20,050

TOTAL GOVERNMENT SECURITIES

18,472,655 19,662,738

## SHORT TERM SECURITIES

900

BAC: Bankers Trust

8/26/85

887,546

897,834

400

BAC: Chase Manhattan Bank

7/10/85

396,597

397,427

700

BAC: Chase Manhattan Bank

7/22/85

694,061

697,248

2,000

TOTAL SHORT TERM SECURITIES

1,978,203 1,992,509

22,050

COMMON SCHOOL I &amp; I TOTAL

20,450,858 21,655,247

CRIME VICTIMS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
200	US Treasury Notes	12.000	3/31/88	193,865	213,500
200	US Treasury Notes	12.625	5/31/86	199,756	208,062
100	US Treasury Notes	9.750	1/31/87	99,901	101,781
500	TOTAL GOVERNMENT SECURITIES			498,522	523,343
218	SHORT TERM INVESTMENT POOL			217,633	221,605
718	CRIME VICTIMS COMPENSATION TOTAL			716,155	744,948

DEBT SERVICE RESERVE ACCOUNT							
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE		
	GOVERNMENT SECURITIES						
400	US Treasury Notes	12.375	1/15/88	399,814	430,000		
412	US Treasury Notes	11.750	1/15/91	398,542	443,028		
400	US Treasury Notes	12.375	8/15/87	399,911	425,876		
1,212	TOTAL GOVERNMENT SECURITIES			1,198,268	1,298,904		
9	SHORT TERM INVESTMENT POOL			8,659	8,748		
1,221	DEBT SERVICE RESERVE ACCOUNT TOTAL			1,206,927	1,307,651		



PAR VALUE (000 )	DIXON ENDOWMENT	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	PREFERRED STOCK					
	Montana Power \$6.00 Series, 640 Shares					28,800
	TOTAL PREFERRED STOCK					28,800
	DIXON ENDOWMENT TOTAL					28,800

DNRC WATER DEVELOPMENT								
PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE			
	GOVERNMENT SECURITIES							
100	US Treasury Bills		10/31/85	91,926	94,864			
500	US Treasury Notes	10.500	10/31/85	499,736	505,000			
600	TOTAL GOVERNMENT SECURITIES			591,661	599,864			
443	SHORT TERM INVESTMENT POOL			442,886	451,957			
1,043	DNRC WATER DEVELOPMENT TOTAL			1,034,547	1,051,821			

EASTERN MONTANA COLLEGE TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
45	US Treasury Bills		7/11/85	44,402	44,506
70	US Treasury Bills		8/01/85	69,134	69,574
65	US Treasury Bills		7/18/85	64,488	64,708
65	US Treasury Bills		9/05/85	63,890	64,755
245	US Treasury Bills		7/05/85	243,959	244,196
50	US Treasury Bills		7/05/85	49,788	49,836
60	US Treasury Bills		8/15/85	59,265	59,802
125	US Treasury Bills		8/22/85	123,567	124,773
265	US Treasury Bills		7/25/85	263,377	264,536
65	US Treasury Bills		9/05/85	64,125	64,963
1,055	TOTAL GOVERNMENT SECURITIES			1,045,995	1,051,649
1,055	EASTERN MONTANA COLLEGE TRUST TOTAL			1,045,995	1,051,649

# EDUCATIONAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
500	American Can	11.375	7/01/10	497,363	473,480
1,200	Arkla	11.125	5/01/03	1,157,273	1,161,396
640	Atlantic Richfield	7.750	12/15/03	392,624	473,082
500	Cities Service	13.875	1/15/11	485,970	545,000
1,000	Cities Service Gas	13.000	9/15/05	1,000,000	1,018,870
200	Continental Oil	9.125	11/01/99	153,345	180,068
200	Dana	8.875	11/15/08	199,220	162,232
1,000	Dayton Hudson	12.000	4/15/15	1,000,000	1,037,180
500	Diamond Shamrock	8.500	4/01/08	492,888	371,840
500	Dow Chemical	11.250	7/15/10	478,409	479,875
1,000	Engelhard Minerals & Chemicals	11.750	8/01/05	887,967	1,011,340
500	Enserch	16.375	4/01/07	498,259	570,480
500	Harsco	12.250	5/01/10	502,261	526,130
1,000	Honeywell	14.125	2/01/11	921,836	1,132,390
500	Inco Limited	12.375	7/15/10	500,000	468,225
500	International Minerals & Chemicals	11.875	5/01/05	482,383	510,410
300	Kerr McGee	8.500	6/01/06	218,628	232,101
774	Lucky Stores PW Westville Holding PP	16.000	10/29/01	774,137	1,053,058
130	Lucky Stores PW Geneva Holding PP	16.000	10/29/01	130,009	176,870
96	Lucky Stores Bakery PP	16.000	12/10/01	96,285	130,726
1,000	K Mart	15.750	12/01/06	1,000,000	1,371,900
500	Monsanto	8.750	5/15/08	497,614	396,180
200	RCA	12.250	5/01/05	170,898	209,136

# EDUCATIONAL TRUST

PAR VALUE  
(000)

## SECURITY

INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)			
10.625	6/15/10	484,377	456,700
11.250	6/15/15	985,015	970,000
9.350	11/15/03	200,000	158,528
12.125	5/01/05	813,338	1,024,340
14.500	4/01/06	493,770	567,115
8.500	1/15/05	189,049	223,203
		15,702,916	17,091,855
SUBTOTAL INDUSTRIAL			

## UTILITIES

12.625	1/01/10	507,374	530,740
12.875	12/01/13	959,500	1,061,540
15.875	4/01/12	997,765	1,185,000
16.625	3/01/12	492,767	582,500
15.375	6/01/97	996,027	1,109,320
16.750	5/15/11	581,154	591,250
12.875	10/01/00	800,000	833,784
10.625	7/01/99	500,000	461,800
8.875	4/01/08	297,051	238,854
10.750	10/01/09	980,786	934,900
13.750	12/01/00	500,000	578,250
11.875	6/01/10	1,907,963	1,983,080
14.000	11/01/10	2,102,305	2,202,980
11.250	12/01/09	424,281	479,930
9.000	8/15/08	500,000	402,715
12.500	11/01/14	992,199	1,022,520
12.625	2/01/05	465,618	531,125
SUBTOTAL UTILITIES			

# EDUCATIONAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
500	Iowa Pub Serv	9.750	9/01/09	493,955	429,465
500	Mountain States Tel & Tel	8.625	4/01/18	495,905	389,865
500	Mountain States Tel & Tel	11.250	11/01/19	500,000	493,400
300	National Rural Util	13.500	9/15/10	300,000	328,938
400	National Rural Util	14.750	2/01/11	400,000	452,000
800	Niagara Mohawk Pwr	12.500	6/15/13	800,000	823,392
500	Pacific Gas & Elec	12.750	2/01/13	500,000	529,855
1,000	Pacific Gas & Elec	16.250	2/01/14	994,685	1,210,000
500	Pacific Gas & Elec	13.375	8/01/15	495,811	548,815
500	Pacific Tel & Tel	9.750	7/01/19	500,000	431,155
300	Public Serv CO	9.250	10/01/08	300,000	247,560
492	Public Serv IN	15.750	12/01/11	474,806	542,258
500	Public Serv Elec & Gas	12.125	12/01/12	428,287	513,070
3,000	Southern Bell Tel & Tel	16.000	11/01/21	3,488,502	3,532,500
500	Southern CA Gas	12.750	11/01/99	500,000	534,580
2,000	Southwestern Bell Tel	12.750	2/15/25	2,000,000	2,140,000
783	Southwestern Elec Pwr	15.500	5/01/12	779,490	941,064
350	Southwestern Pub Serv	8.750	3/01/08	350,000	277,854
500	Utah Pwr & Lt	9.125	5/01/08	500,000	405,245
500	Utah Pwr & Lt	10.125	4/01/09	499,008	440,065
500	Utah Pwr & Lt	16.375	12/01/11	500,000	567,500
1,000	Utah Pwr & Lt	13.000	12/01/12	1,000,000	1,075,420
300	Virginia Elec Pwr	9.625	7/01/08	300,000	255,864
30,325	SUBTOTAL UTILITIES			30,605,242	31,840,154

## EDUCATIONAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	OTHER				
500	American Express Credit	11.250	7/01/00	488,779	496,420
500	Beneficial	8.350	2/15/88	500,000	485,115
500	Burlington Northern	12.875	8/01/05	420,554	520,000
1,000	Exxon Pipeline	8.875	10/15/00	740,862	863,790
1,000	First Interstate Bancorp	12.250	5/15/10	944,187	1,035,620
977	First Interstate Banks PP	13.500	3/01/99	977,108	1,124,478
500	Ford Motor Credit	8.700	4/01/99	490,779	414,680
297	Missouri Pacific RR PP	9.750	6/01/94	296,840	285,075
5,274	SUBTOTAL OTHER			4,859,109	5,225,179
52,339	TOTAL CORPORATES			51,167,267	54,157,187

## CANADIAN OBLIGATIONS

750	BC Hydro	15.500	7/15/11	745,460	967,500
1,000	BC Hydro	12.500	9/01/13	1,009,822	1,102,500
500	Gulf Canada	15.500	7/01/11	500,000	586,250
500	Imperial Oil	9.750	9/15/09	407,405	447,270
2,750	TOTAL CANADIAN OBLIGATIONS			2,662,686	3,103,520

## GOVERNMENT SECURITIES

1,000	US Treasury Notes	11.750	11/15/93	960,306	1,080,000
500	US Treasury Notes	11.375	2/15/89	498,520	527,345
1,000	US Treasury Notes	11.250	12/31/87	987,281	1,049,380



EDUCATIONAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
500	US Treasury Notes	11.750	1/15/91	503,006	537,655
1,000	US Treasury Notes	11.750	5/15/89	996,855	1,067,500
1,500	US Treasury Notes	12.375	4/15/91	1,456,177	1,644,375
1,000	US Treasury Notes	13.750	7/15/91	1,001,773	1,155,000
3,400	US Treasury Notes	11.250	2/15/95	3,380,238	3,593,392
1,000	American President Lines XI	11.750	3/29/08	1,000,000	1,088,580
500	Federal National Mortgage Assoc	8.550	9/12/88	498,750	490,315
875	GNMA Pool 36086	10.000	11/15/09	798,966	824,959
936	Houtech LTD I MM US GG PP	12.750	8/01/00	936,000	1,074,425
13,211	TOTAL GOVERNMENT SECURITIES			13,017,872	14,132,926
3,202	SHORT TERM INVESTMENT POOL			3,201,798	3,274,500
71,502	EDUCATIONAL TRUST TOTAL			70,049,623	74,668,132

EVERETT LYNN TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
90	US Treasury Notes	10.625	12/31/88	89,604	93,094
90	TOTAL GOVERNMENT SECURITIES			89,604	93,094
4	SHORT TERM INVESTMENT POOL			3,783	3,888
94	EVERETT LYNN TRUST TOTAL			93,387	96,982

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
200	Dayton Hudson	12.000	4/15/15	200,000	207,436
200	Dow Chemical	11.250	7/15/10	191,363	191,950
400	Honeywell	14.125	2/01/11	370,775	452,956
300	International Minerals & Chemicals	11.875	5/01/05	289,430	306,246
300	RJ Reynolds	13.350	10/01/12	300,000	332,250
300	Texas Oil & Gas	11.500	11/01/02	295,308	303,279
1,700	SUBTOTAL INDUSTRIAL			1,646,876	1,794,117
UTILITIES					
500	Atlantic City Elec	12.625	1/01/10	507,374	530,740
200	Central Pwr & Lt	15.875	4/01/12	200,000	237,000
500	Cleveland Elec Illum	12.250	6/01/13	489,854	477,255
250	Columbia Gas System	10.125	11/01/95	212,745	219,940
250	Columbia Gas System	10.250	5/01/99	203,999	232,588
250	Columbia Gas System	11.750	10/01/99	218,015	248,192
300	Columbia Gas System	15.375	6/01/97	298,808	332,796
300	Consolidated Natural Gas	11.125	4/01/08	299,370	289,701
200	Dallas Pwr & Lt	12.250	2/01/13	200,000	201,030
300	Duke Pwr	14.500	8/01/12	333,212	347,424
300	General Tel MI	11.875	6/01/10	282,693	297,462
200	General Tel Southwest	14.000	11/01/10	210,230	220,298
400	Massachusetts Elec	12.500	10/01/12	400,000	408,260
200	Niagara Mohawk Pwr	12.500	6/15/13	200,000	205,848
200	Pacific Gas & Elec	13.375	8/01/15	198,325	219,526

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	UTILITIES (Continued)				
250	Public Serv IN	14.750	2/01/11	239,487	266,250
500	Southern Bell Tel & Tel	16.000	11/01/21	581,848	588,750
196	Southwestern Elec Pwr	15.500	5/01/12	195,121	235,567
200	Utah Pwr & Lt	13.000	12/01/12	200,000	215,084
5,496	SUBTOTAL UTILITIES			5,471,082	5,773,711
	OTHER				
200	Irving Bank			196,115	204,936
200	SUBTOTAL OTHER	12.375	11/15/07	196,115	204,936
7,396	TOTAL CORPORATES			7,314,073	7,772,764
	CANADIAN OBLIGATIONS				
400	Canadian Nat'l Railway	14.750	9/01/12	400,000	486,000
400	TOTAL CANADIAN OBLIGATIONS			400,000	486,000
	GOVERNMENT SECURITIES				
100	Repo: Citibank	7.400	7/01/85	100,000	100,000
500	US Treasury Notes	10.750	7/15/90	484,226	518,375
700	US Treasury Notes	11.250	12/31/87	696,268	734,566
500	US Treasury Notes	12.375	4/15/91	516,380	548,125
500	US Treasury Notes	11.875	9/30/86	499,072	521,095

FIREFIGHTERS UNIFIED RETIREMENT SYSTEM

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES (Continued)				
900	US Treasury Notes	11.250	2/15/95	894,169	951,192
3,200	TOTAL GOVERNMENT SECURITIES			3,190,115	3,373,353
499	MONTANA COMMON STOCK POOL			696,577	782,462
2,631	SHORT TERM INVESTMENT POOL			2,630,607	2,507,631
14,126	FIREFIGHTERS UNIFIED RETIREMENT SYSTEM TOTAL			14,231,372	14,922,209

GAME WARDENS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
100	American Can	11.375	7/01/10	99,473	94,696
45	Atlantic Richfield	7.750	12/15/03	37,265	33,264
100	Cities Serv	13.875	1/15/11	87,411	109,000
100	Cities Serv Gas	13.000	9/15/05	100,000	101,887
200	Dow Chemical	11.250	7/15/10	191,363	191,950
100	Enserch	16.375	4/01/07	99,652	114,096
100	General Mills	9.375	3/01/09	70,854	86,369
100	Harsco	12.250	5/01/10	100,452	105,226
100	Honeywell	14.125	2/01/11	93,204	113,239
40	International Harvester Credit	7.500	1/15/94	39,919	28,300
100	3M	8.850	4/01/05	100,000	85,245
25	Mobil	8.500	6/15/01	24,438	20,265
100	JC Penney	12.000	7/15/10	93,051	103,229
100	Texas Oil & Gas	11.500	11/01/02	98,436	101,093
100	Witco Chemical	9.500	8/15/09	99,698	86,858
1,410	SUBTOTAL INDUSTRIAL			1,335,217	1,374,717
UTILITIES					
10	American Tel & Tel	8.750	5/15/00	9,875	8,305
25	Carolina Tel & Tel	8.100	11/01/03	25,000	19,214
20	Chesap & Potomac Tel MD	6.625	10/01/08	20,042	12,700
30	Consolidated Natural Gas	8.250	11/01/94	26,526	25,996
100	Dallas Pwr & Lt	12.250	2/01/13	100,000	100,515
50	Detroit Edison	7.375	11/15/01	49,586	34,514

GAME WARDENS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
30	Detroit Edison	9.875	5/01/04	29,858	25,760
20	Duquesne Lt	7.000	1/01/99	19,951	13,907
150	Florida Pwr	7.750	10/01/01	105,247	110,229
25	Florida Pwr	8.000	12/01/03	17,971	18,736
20	General Tel CA	4.500	3/01/95	20,000	13,861
100	General Tel CA	10.750	10/01/09	97,775	93,490
100	General Tel MI	11.875	6/01/10	94,231	99,154
50	General Tel Northwest	7.875	5/01/02	50,247	37,583
100	General Tel Southwest	14.000	11/01/10	105,115	110,149
50	Houston Lt & Pwr	7.500	12/01/01	33,703	35,866
25	Houston Lt & Pwr	8.125	2/01/04	17,642	18,576
100	Idaho Pwr	9.000	8/15/08	99,036	80,543
25	Kansas City Pwr & Lt	5.750	5/15/97	25,039	16,261
100	Massachusetts Elec	12.500	10/01/12	100,000	102,065
45	Michigan Bell Tel	7.750	6/01/11	30,048	31,814
100	Minnesota Pwr & Lt	10.500	8/01/05	100,000	89,843
30	Montana Pwr	8.625	3/01/04	30,049	22,724
100	Montana Pwr	9.875	1/01/09	99,440	82,573
25	Mountain States Tel & Tel	6.000	8/01/07	25,000	14,768
40	Mountain States Tel & Tel	7.750	6/01/13	27,045	28,387
25	Mountain States Tel & Tel	7.875	11/15/16	18,459	17,896
100	National Rural Util	14.750	2/01/11	100,000	113,000
100	Pacific Gas & Elec	16.250	2/01/14	98,145	121,000
25	Pacific Northwest Bell Tel	6.750	12/01/07	25,198	16,186
50	Potomac Elec Pwr	5.875	5/01/02	44,542	31,711
100	Southern New England Tel	7.750	6/01/04	74,374	73,713



GAME WARDENS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	UTILITIES (Continued)				
15	Southwestern Bell Tel	6.750	6/01/08	15,380	9,444
20	Southwestern Bell Tel	8.250	4/01/17	19,304	14,761
1,905	SUBTOTAL UTILITIES			1,753,828	1,645,243
	OTHER				
100	American Express Credit	11.250	7/01/00	95,007	99,284
120	Citicorp Notes	8.450	3/15/07	90,321	92,483
40	Household Finance	9.625	6/15/04	36,093	35,084
50	Union Pacific RR	8.400	3/01/01	50,000	40,062
310	SUBTOTAL OTHER			271,421	266,913
3,625	TOTAL CORPORATES			3,360,466	3,286,872
	CANADIAN OBLIGATIONS				
150	BC Hydro	15.500	7/15/11	148,372	193,500
98	Municipal Finance BC	8.875	5/01/01	98,000	82,514
100	Municipal Finance BC	13.750	12/01/05	99,694	112,000
125	Nova Scotia Pwr	8.125	7/15/98	124,824	100,765
473	TOTAL CANADIAN OBLIGATIONS			470,889	488,779
	GOVERNMENT SECURITIES				
100	US Treasury Notes	11.250	12/31/87	98,728	104,938
200	US Treasury Notes	11.750	1/15/91	201,202	215,062

GAME WARDENS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES (Continued)				
100	US Treasury Notes	12.375	4/15/91	95,624	109,625
100	US Treasury Notes	11.875	9/30/86	99,814	104,219
300	US Treasury Notes	11.250	2/15/95	298,056	317,064
50	American Commercial Lines USGG	8.500	7/15/01	50,000	41,646
200	USGG LNG Aries	8.200	12/13/02	178,615	160,830
1,050	TOTAL GOVERNMENT SECURITIES			1,022,040	1,053,384
543	MONTANA COMMON STOCK POOL			696,726	851,457
177	SHORT TERM INVESTMENT POOL			176,897	182,727
29	MORTGAGES			28,824	28,824
5,897	GAME WARDENS RETIREMENT TOTAL			5,755,841	5,892,043

GROUP BENEFITS	PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES						
	2,000	US Treasury Notes	10.500	11/30/85	1,998,733	2,024,380
	2,000	TOTAL GOVERNMENT SECURITIES			1,998,733	2,024,380
	12,027	SHORT TERM INVESTMENT POOL			12,026,487	12,477,894
	14,027	GROUP BENEFITS TOTAL			14,025,220	14,502,274

HAIL INSURANCE		SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
PAR VALUE (000 )						
	CORPORATES					
	INDUSTRIAL					
350	Firestone Tire & Rubber		7.300	10/15/01	350,000	240,825
350	SUBTOTAL INDUSTRIAL				350,000	240,825
350	TOTAL CORPORATES				350,000	240,825
	GOVERNMENT SECURITIES					
200	Federal Land Banks		7.600	4/20/87	199,929	196,688
200	TOTAL GOVERNMENT SECURITIES				199,929	196,688
3,061	SHORT TERM INVESTMENT POOL				3,060,876	3,054,839
3,611	HAIL INSURANCE TOTAL				3,610,805	3,492,352

# HIGHWAY COMPLEX HDQ BLDG

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
30	US Treasury Notes	9.375	5/15/86	29,984	30,403
300	Federal Home Loan Banks	7.650	5/26/87	299,929	295,410
330	TOTAL GOVERNMENT SECURITIES			329,912	325,813
330	HIGHWAY COMPLEX HDQ BLDG TOTAL			329,912	325,813

# HIGHWAY PATROL RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
100	American Can	11.375	7/01/10	99,473	94,696
200	Archer Daniels Midland	13.000	8/01/14	200,243	217,790
160	Atlantic Richfield	7.750	12/15/03	111,658	118,270
120	Bethlehem Steel	8.375	3/01/01	75,806	74,400
300	Cities Serv	13.875	1/15/11	274,822	327,000
150	Cities Serv Gas	13.000	9/15/05	150,000	152,830
100	Continental Oil	8.875	6/01/01	99,841	84,177
200	Dayton Hudson	12.000	4/15/15	200,000	207,436
200	Dow Chemical	11.250	7/15/10	191,363	191,950
100	Engelhard Minerals & Chemicals	11.750	8/01/05	88,797	101,134
200	Enserch	16.375	4/01/07	199,304	228,192
100	General Mills	9.375	3/01/09	70,854	86,369
200	Harsco	12.250	5/01/10	200,904	210,452
200	Honeywell	14.125	2/01/11	186,408	226,478
100	Kerr McGee	7.000	11/01/11	59,058	61,250
100	Marathon Oil	8.500	11/01/06	99,644	73,826
200	3M	8.850	4/01/05	200,000	170,490
35	Mobil	8.500	6/15/01	26,855	28,371
200	JC Penney	12.000	7/15/10	186,103	206,458
200	Studebaker Worthington	9.350	11/15/03	200,000	158,528
100	Texas Oil & Gas	11.500	11/01/02	98,436	101,093
100	Texasgulf	9.375	12/15/00	73,684	87,750
200	Union Oil of CA	8.625	3/01/06	198,966	154,266
100	Witco Chemical	9.500	8/15/09	99,698	86,858
3,665	SUBTOTAL INDUSTRIAL			3,391,917	3,450,065

HIGHWAY PATROL RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES					
40	Alabama Pwr	7.875	4/01/02	40,454	29,786
20	Baltimore Gas & Elec	7.250	4/15/01	14,792	14,375
25	Baltimore Gas & Elec	8.375	9/15/06	25,144	19,476
100	California Elec Pwr	5.125	5/01/90	94,342	82,879
200	Carolina Pwr & Lt	12.875	12/01/13	197,157	212,308
50	Carolina Tel & Tel	8.100	11/01/03	50,000	38,427
15	Chesap & Potomac Tel MD	6.625	10/01/08	15,031	9,525
400	Cleveland Elec Illum	12.250	6/01/13	392,305	381,804
100	Columbia Gas System	15.375	6/01/97	99,603	110,932
57	Consolidated Natural Gas	8.250	11/01/94	50,399	49,392
200	Consolidated Natural Gas	11.125	4/01/08	199,580	193,134
100	Dallas Pwr & Lt	12.250	2/01/13	100,000	100,515
10	Detroit Edison	8.125	6/15/01	9,973	7,470
40	Detroit Edison	9.875	5/01/04	39,811	34,347
200	General Tel CA	10.750	10/01/09	195,550	186,980
100	General Tel MI	11.875	6/01/10	94,231	99,154
40	General Tel Northwest	7.875	5/01/02	40,198	30,066
50	Hartford Elec Lt	5.625	4/01/97	45,579	32,264
100	Houston Lt & Pwr	11.250	12/01/09	97,146	95,986
100	Idaho Pwr	9.000	8/15/08	99,036	80,543
17	Kansas City Pwr & Lt	9.125	6/01/00	16,936	13,699
100	Kentucky Util	9.625	8/01/09	99,698	84,934
200	Metropolitan Edison	5.750	6/01/96	182,263	132,624
110	Michigan Bell Tel	7.750	6/01/11	76,767	77,768
150	Minnesota Pwr & Lt	10.500	8/01/05	150,000	134,764
45	Montana Pwr	8.625	3/01/04	45,074	34,086



# HIGHWAY PATROL RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
100	Montana Pwr	9.875	1/01/09	99,440	82,573
50	Mountain States Tel & Tel	7.875	11/15/16	36,918	35,792
100	National Rural Util	14.750	2/01/11	100,000	113,000
200	Niagara Mohawk Pwr	12.500	6/15/13	200,000	205,848
100	Northern States Pwr	7.375	3/01/02	100,169	73,096
15	Pacific Gas & Elec	8.000	6/01/03	9,525	11,182
100	Pacific Gas & Elec	10.125	8/01/12	99,796	88,600
200	Pacific Gas & Elec	16.250	2/01/14	196,291	242,000
28	Pacific Northwest Bell Tel	7.750	8/01/09	28,000	19,702
65	Pacific Tel & Tel	6.500	7/01/03	65,446	41,554
50	Potomac Elec Pwr	5.875	5/01/02	44,542	31,711
125	Public Serv NH	7.125	11/01/98	121,562	63,750
110	Public Serv Elec & Gas	7.750	8/15/96	110,147	89,463
20	South Central Bell Tel	8.250	12/01/04	14,920	15,492
100	Southern CA Gas	12.750	11/01/99	100,000	106,916
100	Southwestern Pub Serv	8.750	3/01/08	100,000	79,387
150	Utah Pwr & Lt	9.125	5/01/08	150,000	121,574
45	Wisconsin Pub Serv	8.250	5/01/01	45,132	35,568
4,227	SUBTOTAL UTILITIES			4,092,956	3,744,446

## OTHER

100	American Express Credit	11.250	7/01/00	95,007	99,284
100	Beneficial	8.350	2/15/88	100,000	97,023
100	Chemical	8.250	8/01/02	99,637	77,734
245	Citicorp Notes	8.450	3/15/07	183,103	188,819
100	International Harvester Credit	7.500	1/15/94	99,796	70,750

# HIGHWAY PATROL RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	OTHER (Continued)				
100	Union Pacific RR	8.400	3/01/01	100,000	80,125
745	SUBTOTAL OTHER			677,543	613,735
8,637	TOTAL CORPORATES			8,162,417	7,808,246
	CANADIAN OBLIGATIONS				
150	BC Hydro	15.500	7/15/11	148,372	193,500
100	Canadian Nat'l Railway	9.700	7/15/04	84,506	90,438
200	Hydro Quebec	13.250	12/15/13	200,000	238,944
200	Manitoba Hydro Elec Board	9.250	1/15/06	198,629	168,868
100	Municipal Finance BC	13.750	12/01/05	99,694	112,000
750	SUBTOTAL CANADIAN OBLIGATIONS			731,200	803,750
	GOVERNMENT SECURITIES				
300	US Treasury Notes	11.250	12/31/87	297,908	314,814
200	US Treasury Notes	11.750	1/15/91	201,202	215,062
200	US Treasury Notes	12.375	4/15/91	191,248	219,250
200	US Treasury Notes	12.750	11/15/89	199,684	220,438
200	US Treasury Notes	11.875	9/30/86	199,629	208,438
300	US Treasury Notes	11.250	2/15/95	298,056	317,064
100	American Commercial Lines USGG	8.500	7/15/01	100,000	83,293
45	Farmers Home Admin Notes	8.750	2/24/95	44,877	40,613
86	GNMA Pool 29174	9.000	1/15/09	69,736	76,137

# HIGHWAY PATROL RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES (Continued)				
125	USGG Harbor Tug & Barge	8.150	3/15/01	125,000	100,971
200	USGG LNG Aries	8.200	12/13/02	178,615	160,830
1,956	TOTAL GOVERNMENT SECURITIES			1,905,955	1,956,910
1,000	MONTANA COMMON STOCK POOL			1,196,680	1,568,060
472	SHORT TERM INVESTMENT POOL			472,102	479,171
12,815	HIGHWAY PATROL RETIREMENT TOTAL			12,468,353	12,616,138

# HIGHWAY REVENUE BOND CAPITAL INVESTMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
1,200	US Treasury Notes	10.625	8/31/85	1,199,549	1,205,628
1,200	TOTAL GOVERNMENT SECURITIES			1,199,549	1,205,628
185	SHORT TERM INVESTMENT POOL			185,059	189,530
1,385	HIGHWAY REVENUE BOND CAPITAL INVESTMENT TOTAL			1,384,608	1,395,158

# HIGHWAY REVENUE BOND CONSTRUCTION

PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
3,000	US Treasury Notes	9.750	11/15/85	2,988,834	3,025,320
2,000	US Treasury Notes	9.875	2/15/86	1,989,893	2,025,620
4,000	US Treasury Notes	10.625	7/31/85	3,999,172	4,010,000
4,000	US Treasury Notes	10.625	8/31/85	3,999,624	4,018,760
4,000	US Treasury Notes	10.500	10/31/85	3,999,374	4,040,000
2,000	Federal Nat'l Mortgage Assoc	9.500	3/10/86	1,982,144	2,021,260
19,000	TOTAL GOVERNMENT SECURITIES			18,959,041	19,140,960
8,566	SHORT TERM INVESTMENT POOL			8,565,932	8,794,204
27,566	HIGHWAY REVENUE BOND CONSTRUCTION TOTAL			27,524,974	27,935,164

# HIGHWAY REVENUE BOND DEBT SERVICE

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
3,600	US Treasury Notes	9.375	5/15/86	3,571,891	3,648,384
3,000	US Treasury Notes	10.500	8/15/88	2,974,871	3,096,570
3,000	US Treasury Notes	10.750	7/15/90	2,976,480	3,112,500
3,185	US Treasury Notes St & Local Gov't Series	8.203	9/01/86	3,185,000	3,146,716
12,785	TOTAL GOVERNMENT SECURITIES			12,708,243	13,004,170
104	SHORT TERM INVESTMENT POOL			104,176	105,943
12,889	HIGHWAY REVENUE BOND DEBT SERVICE TOTAL			12,812,419	13,110,113

# HIGHWAY REVENUE BOND PROCEEDS

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
3,325	US Treasury Bills		2/20/86	3,118,670	3,291,224
2,200	US Treasury Bills		1/23/86	2,078,321	2,177,877
3,295	US Treasury Bills		1/23/86	3,112,411	3,261,802
2,210	US Treasury Bills		2/20/86	2,075,927	2,188,052
1,500	US Treasury Notes	9.375	5/15/86	1,488,359	1,520,160
2,000	US Treasury Notes	10.500	6/30/87	1,998,403	2,061,880
5,000	Federal National Mortgage Assoc	10.700	1/12/87	4,995,668	5,153,150
19,530	TOTAL GOVERNMENT SECURITIES			18,867,759	19,654,145
SHORT TERM SECURITIES					
3,500	BAC: Bankers Trust		7/12/85	3,459,808	3,491,658
1,000	BAC: Citibank		8/15/85	989,545	998,975
1,500	BAC: MHT		7/15/85	1,481,800	1,496,425
1,000	BAC: Security Nat'l Bank, LA		8/16/85	989,312	998,790
7,000	TOTAL SHORT TERM SECURITIES			6,920,465	6,985,848
1,390	SHORT TERM INVESTMENT POOL			1,389,812	1,417,103
27,920	HIGHWAY REVENUE BOND PROCEEDS TOTAL			27,178,036	28,057,096



LONG RANGE BUILDING

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
2,185	US Treasury Bills		12/26/85	2,000,304	2,091,130
2,185	TOTAL GOVERNMENT SECURITIES			2,000,304	2,091,130
4,253	SHORT TERM INVESTMENT POOL			4,252,977	4,154,114
6,438	LONG RANGE BUILDING TOTAL			6,253,281	6,245,244

LONG RANGE BUILDING CAPITOL RENOVATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
4,588	US Treasury Bills		7/11/85	4,077,249	4,092,683
1,100	US Treasury Bills		2/20/86	1,004,960	1,067,000
5,688	TOTAL GOVERNMENT SECURITIES			5,082,209	5,159,683
368	SHORT TERM INVESTMENT POOL			367,673	405,303
6,056	LONG RANGE BUILDING CAPITOL RENOVATION TOTAL			5,449,882	5,564,986

MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	STOCK			
	CONSUMER NON-DURABLE			
	FOOD & BEVERAGE			
22,000	Ball	1.280	700,894	1,218,250
26,000	CPC International	2.200	856,042	1,186,250
46,000	DEKALB AgResearch	0.720	972,067	1,069,500
30,000	General Mills	2.240	870,847	1,908,750
32,000	Pepsico	1.780	923,664	1,924,000
50,000	Pillsbury	1.560	893,839	2,700,000
37,500	RJ Reynolds	1.400	499,333	1,190,625
243,500	SUBTOTAL FOOD & BEVERAGE		5,716,686	11,197,375
	SPECIALTY MERCHANDISING			
30,000	Safeway	1.600	521,932	1,016,250
30,000	SUBTOTAL SPECIALTY MERCHANDISING		521,932	1,016,250
273,500	TOTAL CONSUMER NON-DURABLE		6,238,618	12,213,625
	HEALTH, DRUGS & HOSPITAL SUPPLY			
55,000	Abbott Labs	1.400	365,377	3,155,625
28,000	American Home Products	2.900	761,151	1,788,500
24,000	Bristol Myers	1.880	261,585	1,473,000
26,000	Johnson & Johnson	1.300	987,267	1,209,000
17,000	Lilly Eli	3.200	933,888	1,470,500

MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	HEALTH, DRUGS & HOSPITAL SUPPLY (Continued)			
15,000	Merck	3.200	990,816	1,689,375
18,000	SmithKline Beckman	2.800	718,336	1,253,250
22,000	Syntex	1.920	990,429	1,405,250
20,000	Upjohn	2.560	1,010,272	2,165,000
225,000	TOTAL HEALTH, DRUGS & HOSPITAL SUPPLY		7,019,121	15,609,500
	MEDIA & SERVICE			
10,000	CBS	3.000	403,160	1,157,500
20,000	Donnelley RR & Sons	1.160	734,250	1,165,000
24,000	Time	1.000	795,262	1,386,000
54,000	TOTAL MEDIA & SERVICE		1,932,672	3,708,500
	CONSUMER CYCLICAL			
40,000	Firestone Tire & Rubber	0.800	505,077	860,000
25,000	Goodyear Tire & Rubber	1.600	649,050	737,500
30,000	May Department Stores	1.880	533,163	1,668,750
95,000	TOTAL CONSUMER CYCLICAL		1,687,290	3,266,250

MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
TECHNOLOGY				
AEROSPACE				
12,000	TRW	3.000	622,681	898,500
12,000	SUBTOTAL AEROSPACE		622,681	898,500
BUSINESS EQUIPMENT & SUPPLIES				
25,000	Burroughs	2.600	903,069	1,462,500
30,000	IBM	4.400	1,848,573	3,712,500
15,000	Minnesota Mining & Manufacturing	3.500	853,151	1,170,000
70,000	NCR	0.880	916,732	2,143,750
34,000	Telex	0.000	781,888	1,368,500
12,000	Wallace Computer Serv	0.450	300,188	442,500
20,000	Xerox	3.000	765,381	1,052,500
206,000	SUBTOTAL BUSINESS EQUIPMENT & SUPPLIES		6,368,981	11,352,250
ELECTRONICS				
22,000	American District Tel	0.920	535,483	544,500
26,000	Foxboro	1.040	750,046	663,000
36,000	Harris	0.880	1,024,529	1,021,500
15,000	RCA	1.040	279,256	714,375
20,000	Tyco Labs	0.800	686,388	787,500
119,000	SUBTOTAL ELECTRONICS		3,275,701	3,730,875
337,000	TOTAL TECHNOLOGY		10,267,363	15,981,625

# MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	PRODUCER DURABLES			
	ELECTRICAL EQUIPMENT			
60,000	Ametek	0.800	840,669	1,455,000
16,000	Emerson Electric	2.600	698,543	1,174,000
76,000	SUBTOTAL ELECTRICAL EQUIPMENT		1,539,212	2,629,000
	MACHINERY			
40,000	Combustion Engineering	1.840	1,378,785	1,305,000
26,000	Ex-Cell-O	1.720	657,354	1,010,750
15,000	General Signal	1.800	585,838	688,125
81,000	SUBTOTAL MACHINERY		2,621,978	3,003,875
157,000	TOTAL PRODUCER DURABLES		4,161,190	5,632,875
	BASIC INDUSTRY			
	CHEMICALS			
16,800	Air Products & Chemicals	1.200	533,033	934,500
28,000	Dow Chemical	1.800	821,665	1,001,000
22,000	Hercules	1.600	505,682	775,500
32,000	Monsanto	2.500	937,069	1,548,000
20,000	Rohm & Haas	2.200	540,148	1,317,500
118,800	SUBTOTAL CHEMICALS		3,337,597	5,576,500

MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	FOREST & BUILDING PRODUCTS			
35,000	Champion International	0.400	696,878	809,375
30,000	International Paper	2.400	1,240,235	1,470,000
26,000	National Gypsum	2.000	856,209	1,205,750
24,000	Temple Inland	0.640	655,495	810,000
115,000	SUBTOTAL FOREST & BUILDING PRODUCTS		3,448,816	4,295,125
	MINING & METALS			
21,000	Amax	0.200	816,187	312,375
32,000	Freeport McMoran	0.600	553,338	620,000
10,000	Newmont Mining	1.000	431,294	417,500
22,000	US Steel	1.000	708,388	613,250
40,000	Kaiser Cement Preferred	1.380	791,873	720,000
125,000	SUBTOTAL MINING & METALS		3,301,080	2,683,125
358,800	TOTAL BASIC INDUSTRY		10,087,493	12,554,750
	ENERGY			
	PETROLEUM			
44,000	Amoco	3.300	1,603,740	2,821,500
48,000	Arco	4.000	1,584,236	2,874,000
59,000	Chevron	2.400	1,562,886	2,205,125
52,000	Exxon	3.400	1,402,962	2,801,500
42,000	Kerr McGee	1.100	1,127,668	1,228,500
34,000	Louisiana Land	1.000	890,409	1,096,500
84,000	Mobil	2.200	1,671,538	2,541,000



# MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	PETROLEUM (Continued)			
10,000	Texaco	3.000	374,750	378,750
30,364	Unocal	1.200	768,781	888,147
403,364	SUBTOTAL PETROLEUM		10,986,970	16,835,022
	PETROLEUM SERVICES			
62,000	Dresser	0.800	1,200,956	1,325,250
44,000	Fluor	0.400	696,772	759,000
106,000	SUBTOTAL PETROLEUM SERVICES		1,897,728	2,084,250
	ENERGY MISCELLANEOUS			
114,000	Arkla	1.080	881,423	2,137,500
32,000	Burlington Northern	1.400	696,923	1,996,000
22,000	Midcon	2.360	779,838	1,031,250
10,000	Pacific Lighting	3.320	446,975	457,500
59,000	Panhandle Eastern	2.300	1,584,672	2,138,750
10,000	Texas Eastern	2.200	323,500	337,500
247,000	SUBTOTAL ENERGY MISCELLANEOUS		4,713,332	8,098,500
756,364	TOTAL ENERGY		17,598,030	27,017,772
	FINANCIAL			
	BANKING			
28,000	First Bank	1.600	704,354	1,109,500
24,000	Manufacturers Hanover	3.200	710,611	945,000
40,000	Norwest	1.800	840,032	1,090,000

MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	BANKING (Continued)			
41,800	US Bancorp	1.000	813,708	1,264,450
28,000	Wachovia	1.000	613,093	966,000
34,798	Wells Fargo	2.400	735,499	2,070,481
196,598	SUBTOTAL BANKING		4,417,297	7,445,431
	CREDIT & FINANCE			
24,000	Fleet Financial	1.320	565,952	993,000
24,000	SUBTOTAL CREDIT & FINANCE		565,952	993,000
	INSURANCE			
28,000	Farmers Group	1.760	684,226	1,806,000
40,000	Provident Life & Accident	0.760	393,201	910,000
20,180	St Paul	3.000	600,968	1,463,050
52,930	U S F & G	2.200	848,742	1,945,178
141,110	SUBTOTAL INSURANCE		2,527,137	6,124,228
361,708	TOTAL FINANCIAL		7,510,386	14,562,659
	UTILITIES			
	TELECOMMUNICATIONS			
30,000	A T & T	1.200	454,881	723,750
7,000	Bell Atlantic	6.800	470,076	648,375
35,000	Centel	2.380	800,423	1,566,250
48,000	Communications Satelite	1.200	925,874	1,722,000
46,000	GTE	3.080	1,276,363	1,863,000

MONTANA COMMON STOCK POOL

SHARES	SECURITY	ANNUAL DIVIDEND	TOTAL COST	MARKET VALUE
	TELECOMMUNICATIONS (Continued)			
68,000	Pacific Telecom	0.800	1,083,094	909,500
9,000	Pacific Telesis	5.720	530,305	705,375
9,000	Southwestern Bell	6.000	566,982	756,000
252,000	SUBTOTAL TELECOMMUNICATIONS		6,107,997	8,894,250
	ELECTRIC			
100,000	AZP Group	2.720	1,892,147	2,787,500
85,000	Central Southwest	2.020	1,516,236	2,199,375
74,000	FPL Group	1.960	1,063,185	1,896,250
38,000	MDU Resources Group	2.560	725,597	1,396,500
62,000	Pacificorp	2.320	1,219,831	1,875,500
72,752	Texas Utilities	2.520	1,415,875	2,255,312
431,752	SUBTOTAL ELECTRIC		7,832,870	12,410,437
683,752	TOTAL UTILITIES		13,940,867	21,304,687
3,302,124	TOTAL STOCK		80,443,031	131,852,243

MONTANA COMMON STOCK POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
393	Unocal Senior Secured Notes	14.000	5/15/90	392,720	418,590
628	Unocal Float Rate Senior Secured Notes	12.125	5/15/91	628,352	646,181
393	Unocal Senior Secured Extendible Notes	13.500	5/15/97	392,720	410,736
1,414	TOTAL CORPORATES			1,413,792	1,475,508
GOVERNMENT SECURITIES					
2,000	US Treasury Bills		12/26/85	1,831,813	1,916,142
2,000	US Treasury Bills		12/26/85	1,839,778	1,921,720
2,175	US Treasury Bills		12/26/85	1,999,912	1,915,668
3,500	US Treasury Bills		1/23/86	3,212,724	3,384,591
600	Repo: Citibank	7.400	7/01/85	600,000	599,753
2,000	FFCB Discount Notes		7/05/85	1,977,181	1,979,333
12,275	TOTAL GOVERNMENT SECURITIES			11,461,408	11,717,207
SHORT TERM SECURITIES					
2,000	BAC: Bank of America, SF		7/09/85	1,973,300	1,977,305
1,000	BAC: Bank of America, SF		7/24/85	985,881	991,094
4,200	BAC: Bank of America, SF		8/02/85	4,157,925	4,186,261
1,000	BAC: Bankers Trust, Miami		7/23/85	988,750	993,542
1,500	BAC: Chase Manhattan Bank		7/18/85	1,484,749	1,490,351
1,000	BAC: Chase Manhattan Bank		8/13/85	989,076	997,815

MONTANA COMMON STOCK POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES (Continued)					
1,000	BAC: Chemical Bank		7/22/85	984,542	989,400
2,500	BAC: Citibank		7/15/85	2,479,358	2,487,286
1,000	BAC: Citibank		7/22/85	993,492	997,833
3,500	BAC: Citibank		8/26/85	3,455,699	3,497,095
1,000	BAC: MHT		7/29/85	988,893	994,749
1,111	BAC: Morgan Guaranty Trust		7/15/85	1,097,485	1,101,105
2,000	BAC: Norwest Bank, Minneapolis		7/09/85	1,974,667	1,978,667
1,000	BAC: Security Pacific National Bank, LA		7/15/85	987,836	991,094
700	BAC: Security Pacific National Bank, Cleveland		7/29/85	693,065	697,255
1,500	Bank of America - CP		7/02/85	1,487,500	1,488,125
2,000	SRAC - CP		7/09/85	1,985,708	1,989,383
28,011	TOTAL SHORT TERM SECURITIES			27,707,925	27,848,360
3,302	TOTAL STOCK SHARES			80,443,031	131,852,243
41,700	TOTAL SECURITIES			40,583,125	41,041,075
	MONTANA COMMON STOCK POOL TOTAL			121,026,156	172,893,318

MT HISTORICAL SOCIETY DONATIONS

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
110	US Treasury Bills		12/26/85	100,746	105,423
110	TOTAL GOVERNMENT SECURITIES			100,746	105,423
110	MT HISTORICAL SOCIETY DONATIONS TOTAL			100,746	105,423

MONTANA JUDGES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
65	Atlantic Richfield	7.750	12/15/03	49,531	48,047
100	Cities Service	13.875	1/15/11	100,000	109,000
100	Cities Service Gas	13.000	9/15/05	100,000	101,887
200	Dayton Hudson	12.000	4/15/15	200,000	207,436
100	Enserch	16.375	4/01/07	99,652	114,096
100	General Mills	9.375	3/01/09	70,854	86,369
100	Harsco	12.250	5/01/10	100,452	105,226
50	Kerr McGee	8.500	6/01/06	36,438	38,684
100	Kerr McGee	7.000	11/01/11	59,058	61,250
100	3M	8.850	4/01/05	100,000	85,245
15	Mobil	8.500	6/15/01	11,509	12,159
100	Studebaker Worthington	9.350	11/15/03	100,000	79,264
100	Texas Oil & Gas	11.500	11/01/02	98,436	101,093
100	Witco Chemical	9.500	8/15/09	99,698	86,858
1,330	SUBTOTAL INDUSTRIAL			1,225,628	1,236,614
UTILITIES					
13	American Tel & Tel	8.750	5/15/00	12,343	10,796
100	Carolina Pwr & Lt	12.875	12/01/13	98,578	106,154
25	Carolina Tel & Tel	8.100	11/01/03	25,000	19,214
30	Chesap & Potomac Tel MD	6.625	10/01/08	30,064	19,050
300	Cleveland Elec Illum	12.250	6/01/13	294,757	286,353
100	Columbia Gas System	15.375	6/01/97	99,603	110,932
35	Connecticut Lt & Pwr	6.500	1/01/98	35,000	23,944



MONTANA JUDGES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
100	Consolidated Natural Gas	11.125	4/01/08	99,790	96,567
50	Detroit Edison	7.375	11/15/01	49,590	34,514
30	Detroit Edison	9.875	5/01/04	29,858	25,760
100	Duke Pwr	14.500	8/01/12	111,071	115,808
35	Duquesne Lt	7.000	1/01/99	34,915	24,337
50	Hawaiian Elec	8.350	12/01/03	50,000	38,762
100	Houston Lt & Pwr	11.250	12/01/09	97,146	95,986
100	Massachusetts Elec	12.500	10/01/12	100,000	102,065
35	Michigan Bell Tel	7.750	6/01/11	23,370	24,744
50	Minnesota Pwr & Lt	8.350	9/01/07	50,000	38,324
25	Montana Pwr	8.625	3/01/04	25,041	18,937
100	Montana Pwr	9.875	1/01/09	99,440	82,573
190	Mountain States Tel & Tel	6.000	8/01/07	190,000	112,235
20	Mountain States Tel & Tel	7.875	11/15/16	14,767	14,317
100	National Rural Util	14.750	2/01/11	100,000	113,000
100	Niagara Mohawk Pwr	12.500	6/15/13	100,000	102,924
30	Pacific Gas & Elec	8.000	6/01/03	19,049	22,365
100	Pacific Gas & Elec	10.125	8/01/12	99,796	88,600
100	Pacific Gas & Elec	16.250	2/01/14	98,145	121,000
35	Pacific Northwest Bell Tel	6.750	12/01/07	35,470	22,660
150	Utah Pwr & Lt	9.125	5/01/08	150,000	121,574
2,203	SUBTOTAL UTILITIES			2,172,794	1,993,496
OTHER					
100	Beneficial	8.350	2/15/88	100,000	97,023
160	Citicorp Notes	8.450	3/15/07	119,125	123,310

MONTANA JUDGES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	OTHER (Continued)				
25	Household Finance	9.625	6/15/04	22,558	21,927
285	SUBTOTAL OTHER			241,683	242,261
3,818	TOTAL CORPORATES			3,640,105	3,472,371
	CANADIAN OBLIGATIONS				
100	BC Hydro	15.500	7/15/11	98,914	129,000
200	Hydro Quebec	13.250	12/15/13	200,000	238,944
98	Municipal Finance BC	8.875	5/01/01	98,000	82,514
100	Municipal Finance BC	13.750	12/01/05	99,694	112,000
498	TOTAL CANADIAN OBLIGATIONS			496,608	562,458
	GOVERNMENT SECURITIES				
100	US Treasury Notes	11.250	12/31/87	98,728	104,938
200	US Treasury Notes	11.750	1/15/91	201,202	215,062
200	US Treasury Notes	12.375	4/15/91	191,248	219,250
100	US Treasury Notes	11.875	9/30/86	99,814	104,219
300	US Treasury Notes	11.250	2/15/95	298,056	317,064
50	American Commercial Lines USGG	8.500	7/15/11	50,000	41,646
20	Farmers Home Admin Notes	8.750	12/26/94	19,535	18,094
100	USGG LNG Aries	8.200	12/13/02	100,000	80,415
1,070	TOTAL GOVERNMENT SECURITIES			1,058,585	1,100,689

PAR VALUE (000 )	MONTANA JUDGES RETIREMENT SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
612	MONTANA COMMON STOCK POOL			746,052	959,653
306	SHORT TERM INVESTMENT POOL			306,492	313,940
33	MORTGAGES			33,079	33,079
6,337	MONTANA JUDGES RETIREMENT TOTAL			6,280,921	6,442,189

MONTANA STATE UNIVERSITY TRUST

PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
465	US Treasury Bills		11/21/85	449,097	462,489
465	TOTAL GOVERNMENT SECURITIES			449,097	462,489
4,309	SHORT TERM INVESTMENT POOL			4,308,920	4,356,280
4,774	MONTANA STATE UNIVERSITY TRUST TOTAL			4,758,017	4,818,769

PERMANENT COAL TRUST

PAR VALUE  
(000)

SECURITY

INTEREST  
RATE

MATURITY  
DATE

BOOK  
VALUE

MARKET  
VALUE

CORPORATES

INDUSTRIAL

500	American Can	11.375	7/01/10	497,363	473,480
1,000	Anadarko Production	14.750	12/01/91	987,163	1,123,750
2,000	Archer Daniels Midland	13.000	8/01/14	2,002,434	2,177,900
1,400	Arkla	11.125	5/01/03	1,350,152	1,354,962
1,000	Burlington Industries	11.250	8/01/90	984,720	1,005,000
1,500	Cities Serv	13.875	1/15/11	1,360,080	1,635,000
3,800	Cities Serv Gas	13.000	9/15/05	3,772,381	3,871,706
200	Continental Oil	9.125	11/01/99	153,345	180,068
300	Dana	8.875	11/15/08	298,830	243,348
3,000	Dayton Hudson	12.000	4/15/15	2,983,839	3,111,540
500	Diamond Shamrock	8.500	4/01/08	492,414	371,840
1,000	Dow Chemical	11.250	7/15/10	956,817	959,750
2,000	Dresser Industries	11.750	11/01/07	1,914,697	2,015,080
2,250	Engelhard Minerals & Chemicals	11.750	8/01/05	2,051,932	2,275,515
1,000	Enserch	16.375	4/01/07	996,518	1,140,960
500	General Mills	9.375	3/01/09	354,271	431,845
1,000	Harsco	12.250	5/01/10	1,004,522	1,052,260
2,000	Honeywell	14.125	2/01/11	1,843,671	2,264,780
500	Inco Limited	12.375	7/15/10	500,000	468,225
1,000	Ingersoll Rand	12.875	9/01/10	1,000,000	1,072,810
200	Kerr McGee	8.500	6/01/06	145,752	154,734
2,322	Lucky Stores PW Westville Holding PP	16.000	10/29/01	2,322,412	3,159,174
390	Lucky Stores PW Geneva Holding PP	16.000	10/29/01	390,028	530,611
289	Lucky Stores Bakery PP	16.000	12/10/01	288,855	393,540

PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
2,000	Marathon Oil	8.500	11/01/06	1,505,276	1,476,520
3,000	K Mart	15.750	12/01/06	3,000,000	4,115,700
1,000	North American Phillips	11.000	6/01/87	992,938	1,000,000
2,300	JC Penney	12.000	7/15/10	2,140,182	2,374,267
1,000	JC Penney	12.375	11/01/14	1,008,203	1,056,250
4,000	RCA	12.250	5/01/05	3,739,365	4,182,720
1,000	St Regis Paper	10.625	6/15/10	968,753	913,400
2,000	Scott Paper	11.250	6/15/15	1,970,031	1,940,000
300	Studebaker Worthington	9.350	11/15/03	300,000	237,792
1,000	Sun	13.400	8/15/07	1,000,000	1,111,660
3,000	Tenneco	12.125	5/01/05	2,572,698	3,073,020
1,000	Tenneco	14.500	4/01/06	987,540	1,134,230
2,000	Tenneco	15.000	6/01/06	1,904,967	2,334,080
200	Union Carbide	8.500	1/15/05	126,032	148,802
1,000	Union Carbide	9.350	8/15/09	727,201	795,380
500	Witco Chemical	9.500	8/15/09	498,492	434,290
54,951	SUBTOTAL INDUSTRIAL			52,093,872	57,795,988
UTILITIES					
1,000	Arizona Pub Serv	12.750	7/01/13	980,655	1,039,320
2,000	Carolina Pwr & Lt	12.875	12/01/13	1,971,562	2,123,080
2,000	Central Pwr & Lt	12.125	3/01/13	1,985,074	2,043,700
1,000	Cleveland Elec Illum	16.625	3/01/12	985,534	1,165,000
2,000	Cleveland Elec Illum	12.250	6/01/13	1,972,083	1,909,020



PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
1,000	Columbia Gas System	11.750	10/01/99	872,058	992,770
1,000	Columbia Gas System	12.750	8/01/00	997,292	1,023,340
1,000	Columbia Gas System	15.375	6/01/97	996,027	1,109,320
2,000	Commonwealth Edison	16.750	5/15/11	2,324,615	2,365,000
1,000	Consolidated Natural Gas	12.875	10/01/00	1,000,000	1,042,230
1,000	Consolidated Natural Gas	11.125	4/01/08	997,901	965,670
500	Consumers Pwr PP	10.625	7/01/99	500,000	461,800
500	Dallas Pwr & Lt	15.125	6/01/11	559,305	588,940
2,000	Duke Pwr	14.500	8/01/12	2,221,412	2,316,160
500	Duquesne Lt	10.125	2/01/09	495,564	428,470
1,000	El Paso Elec	16.350	5/01/91	1,000,000	1,171,240
478	El Paso Elec PP	9.950	5/01/04	478,000	417,992
200	General Tel CA	8.875	4/01/08	198,034	159,236
1,000	General Tel CA	10.750	10/01/09	980,786	934,900
1,000	General Tel KY PP	13.750	12/01/00	1,000,000	1,156,500
2,000	General Tel MI	11.875	6/01/10	1,884,621	1,983,080
3,000	General Tel Southwest	14.000	11/01/10	3,153,458	3,304,470
2,000	General Tel Southwest	12.750	10/01/13	1,985,664	2,093,560
500	Houston Lt & Pwr	11.250	12/01/09	424,281	479,930
500	Idaho Pwr	9.000	8/15/08	500,000	402,715
1,000	Indiana Bell Tel	17.000	9/01/20	994,586	1,220,000
2,000	Indianapolis Pwr & Lt	12.500	11/01/14	1,984,398	2,045,040
500	International Tel & Tel	12.625	2/01/05	465,618	531,125
500	Iowa Pwr & Lt	9.750	1/15/09	496,229	429,225
500	Iowa Pub Serv	9.750	9/01/09	493,955	429,465



PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
1,000	Massachusetts Elec	12.500	10/01/12	1,000,000	1,020,650
500	Mountain States Tel & Tel	8.625	4/01/18	495,905	389,865
500	Mountain States Tel & Tel	11.250	11/01/19	500,000	493,400
2,000	Mountain States Tel & Tel	12.250	2/01/25	1,890,820	2,110,000
500	National Rural Util	13.500	9/15/10	500,000	548,230
3,000	National Rural Util	14.750	2/01/11	2,967,899	3,390,000
1,000	National Rural Util	15.750	8/15/91	996,935	1,155,000
1,500	Niagara Mohawk Pwr	12.500	6/15/13	1,500,000	1,543,860
500	Pacific Gas & Elec	10.125	8/01/12	498,978	443,000
500	Pacific Gas & Elec	12.750	2/01/13	500,000	529,855
1,000	Pacific Gas & Elec	16.250	2/01/14	981,820	1,210,000
1,000	Pacific Gas & Elec	13.375	8/01/15	991,623	1,097,630
500	Pacific Tel & Tel	9.875	2/15/16	500,000	437,100
100	Public Serv CO	9.250	10/01/08	100,000	82,520
989	Public Serv CO	16.250	12/01/11	982,463	1,228,753
1,000	Public Serv IN	14.750	2/01/11	967,984	1,065,000
985	Public Serv IN	15.750	12/01/11	949,613	1,085,618
1,150	Public Serv Elec & Gas	12.000	11/01/09	1,013,043	1,167,871
500	South Carolina Elec & Gas	10.125	4/01/09	496,031	440,065
3,000	Southern Bell Tel & Tel	16.000	11/01/21	3,488,502	3,532,500
500	Southern CA Gas	12.750	11/01/99	500,000	534,580
1,000	Southern CA Gas	17.375	9/15/01	998,985	1,320,790
2,000	Southwestern Bell Tel	12.750	2/15/25	2,000,000	2,140,000
1,960	Southwestern Elec Pwr	15.500	5/01/12	1,951,215	2,355,665
150	Southwestern Pub Serv	8.750	3/01/08	150,000	119,080
500	Texas Elec Serv	9.500	2/01/09	497,241	420,905

PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
300	Utah Pwr & Lt	9.125	5/01/08	300,000	243,147
1,000	Utah Pwr & Lt	16.375	12/01/11	1,000,000	1,135,000
1,000	Utah Pwr & Lt	13.000	12/01/12	1,000,000	1,075,420
200	Virginia Elec Pwr	9.625	7/01/08	200,000	170,576
64,512	SUBTOTAL UTILITIES			64,817,769	68,818,379
OTHER					
1,000	American Express Credit	11.250	7/01/00	930,351	992,840
500	American General Insurance	9.375	12/15/08	497,068	415,990
300	Beneficial	8.350	2/15/88	300,000	291,069
956	Burlington Northern PP	15.500	1/02/99	956,193	1,273,182
1,000	CIT Financial Notes PP	14.700	9/01/89	1,004,949	1,166,730
4,000	Cortez Capital PP	12.625	5/15/03	4,000,000	4,020,000
500	Crocker National	8.600	12/01/02	498,255	422,485
1,000	Exxon Pipeline	9.000	10/15/04	752,552	862,100
2,000	First Interstate Bancorp	12.250	5/15/10	1,788,169	2,071,240
1,696	First Interstate Banks PP Tri-City Property	13.500	3/01/99	1,695,607	1,952,011
1,400	Irving Bank	12.375	11/15/07	1,372,808	1,434,552
297	Missouri Pacific RR PP	9.750	6/01/94	296,840	285,075
500	Panhandle Eastern Pipeline	15.125	4/01/95	496,749	560,000
450	Sohio BP Trans Alaska Pipeline	9.750	12/01/99	379,517	405,234
500	Transamerica Financial	9.875	3/01/99	393,268	460,535
999	Union Tank Car	14.000	1/15/01	999,000	1,202,686
17,098	SUBTOTAL OTHER			16,361,327	17,815,729
136,561	TOTAL CORPORATES			133,272,969	144,430,097

PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CANADIAN OBLIGATIONS					
400	Bell Canada	9.000	1/15/08	400,000	326,740
1,500	BC Hydro	15.500	7/15/11	1,490,920	1,935,000
500	BC Hydro	15.500	11/15/11	495,832	645,000
4,000	BC Hydro	12.500	9/01/13	4,027,836	4,410,000
1,100	Canadian Nat'l Railway	9.700	7/15/04	797,944	994,818
1,000	Canadian Nat'l Railway	14.750	9/01/12	1,000,000	1,215,000
4,000	Gulf Canada	15.500	7/01/11	3,780,085	4,690,000
1,500	Imperial Oil	9.750	9/15/09	1,314,716	1,341,810
4,928	Municipal Finance BC	13.750	12/01/05	4,726,392	5,519,360
1,700	Newfoundland Hydro	15.125	5/15/92	1,950,583	2,050,030
1,000	Nova Scotia Pwr	10.500	9/15/00	884,002	942,150
21,628	TOTAL CANADIAN OBLIGATIONS			20,868,310	24,069,908
GOVERNMENT SECURITIES					
5,000	US Treasury Notes	10.750	7/15/90	4,832,328	5,187,500
2,000	US Treasury Notes	11.750	11/15/93	1,920,612	2,160,000
3,000	US Treasury Notes	11.375	2/15/89	2,991,117	3,164,070
3,000	US Treasury Notes	11.250	12/31/87	2,996,321	3,148,140
2,000	US Treasury Notes	11.750	1/15/91	2,012,024	2,150,000
1,000	US Treasury Notes	11.750	5/15/89	996,855	1,067,500
5,000	US Treasury Notes	12.375	4/15/91	5,054,101	5,481,250
5,000	US Treasury Notes	13.125	5/15/94	4,913,048	5,760,950
2,000	US Treasury Notes	13.750	7/15/91	2,003,546	2,310,000

PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
2,000	US Treasury Notes	12.750	11/15/89	1,996,838	2,204,380
2,000	US Treasury Notes	11.875	9/30/86	1,996,286	2,084,380
5,500	US Treasury Notes	11.250	2/15/95	5,470,032	5,812,840
2,500	US Treasury Notes	11.375	5/15/90	2,491,937	2,648,450
1,000	American President Lines XI	11.750	3/29/08	1,000,000	1,088,580
322	Big Sky Transportation USGG PP	12.000	5/01/90	321,730	341,719
1,097	Big Sky Transportation USGG PP	12.500	10/01/91	1,096,752	1,203,212
1,000	Big Sky Transportation USGG PP	15.800	1/20/86	1,013,255	1,044,380
500	Federal Farm Credit Banks	7.500	10/13/87	500,000	486,565
500	FNMA	8.550	9/12/88	498,750	490,315
1,736	FNMA	9.500	9/15/09	1,403,176	1,585,732
875	GNMA Pool 36086	10.000	11/15/09	798,966	824,959
972	GNMA Pool 46249	10.000	12/15/10	844,858	916,411
2,978	GNMA Pool 56926	11.500	7/15/12	2,867,041	3,003,134
806	GNMA Pool 59031	13.500	11/15/12	848,542	868,215
1,924	GNMA Pool 65458	11.500	4/15/13	1,863,302	1,940,239
1,870	Houtech LTD I MM USGG PP	12.750	8/01/00	1,870,000	2,146,554
1,000	Marine Drilling GG MM PP	14.250	3/01/96	1,000,000	1,248,040
500	USGG LNG Aries	8.200	12/13/02	500,000	402,075
520	LNG Capricorn USGG	8.950	6/22/03	417,725	447,985
57,600	TOTAL GOVERNMENT SECURITIES			56,519,143	61,218,195

PERMANENT COAL TRUST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES					
100	Village Bank, Gt Falls - CD	8.125	8/12/85	100,000	100,000
100	TOTAL SHORT TERM SECURITIES			100,000	100,000
19,383	SHORT TERM INVESTMENT POOL			19,383,100	19,871,518
1,140	MORTGAGES			1,139,696	1,139,696
236,412	PERMANENT COAL TRUST TOTAL			231,283,217	250,829,414



## POLICE RETIREMENT

PAR VALUE  
(000)

SECURITY

INTEREST  
RATEMATURITY  
DATEBOOK  
VALUEMARKET  
VALUE

## CORPORATES

## INDUSTRIAL

100	American Can	11.375	7/01/10	99,473	94,696
200	Archer Daniels Midland	13.000	8/01/14	200,243	217,790
150	Armco Steel	8.500	9/01/01	149,709	93,062
400	Cities Serv	13.875	1/15/11	374,822	436,000
300	Cities Serv Gas	13.000	9/15/05	300,000	305,661
100	Continental Oil	9.125	11/01/99	76,672	87,569
200	Dayton Hudson	12.000	4/15/15	200,000	207,436
100	Diamond Shamrock	7.700	12/15/01	100,000	72,192
200	Dow Chemical	11.250	7/15/10	191,360	191,950
400	Enserch	16.375	4/01/07	398,607	456,384
200	Ingersoll Rand	8.050	3/01/04	127,526	153,376
100	Inland Steel	7.900	1/15/07	100,000	61,920
200	International Minerals & Chemicals	11.875	5/01/05	192,953	204,164
100	Kerr McGee	8.500	6/01/06	72,876	77,367
200	Marathon Oil	8.500	11/01/06	199,288	147,652
200	Motorola	8.000	10/01/07	129,860	152,574
100	JC Penney	12.000	7/15/10	93,051	103,229
500	RCA	12.250	5/01/05	427,244	522,840
200	RJ Reynolds	13.350	10/01/12	200,000	221,500
300	Shell Oil	8.000	4/15/07	196,268	227,013
100	Studebaker Worthington	9.350	11/15/03	100,000	79,264
200	Texas Oil & Gas	11.500	11/01/02	196,872	202,186
4,550	SUBTOTAL INDUSTRIAL			4,126,825	4,315,825

POLICE RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES					
100	Central Illinois Pub Serv	8.450	11/01/06	100,000	78,150
400	Cleveland Elec Illum	12.250	6/01/13	392,305	381,804
250	Columbia Gas System	11.750	10/01/99	218,015	248,192
200	Columbia Gas System	15.375	6/01/97	199,205	218,640
200	Consolidated Natural Gas	12.875	10/01/00	200,000	208,446
200	Consolidated Natural Gas	11.125	4/01/08	199,580	193,134
100	Dallas Pwr & Lt	12.250	2/01/13	100,000	100,515
300	Duke Pwr	14.500	8/01/12	333,212	347,424
500	General Tel CA	10.750	10/01/09	488,876	467,450
200	General Tel MI	11.875	6/01/10	188,462	198,308
222	General Tel Southwest	14.000	11/01/10	233,356	244,531
200	Houston Lt & Pwr	11.250	12/01/09	194,292	191,972
100	Idaho Pwr	9.000	8/15/08	99,036	80,543
100	Kentucky Util	9.625	8/01/09	99,698	84,934
255	Minnesota Pwr & Lt	8.700	9/01/06	255,000	202,100
200	Minnesota Pwr & Lt	8.350	9/01/07	200,000	153,298
100	Montana Pwr	9.875	1/01/09	99,440	82,573
100	National Rural Util	14.750	2/01/11	100,000	113,000
100	Pacific Gas & Elec	16.250	2/01/14	98,145	121,000
300	Pacific Gas & Elec	13.375	8/01/15	297,487	329,289
100	Public Serv CO	9.250	10/01/08	100,000	82,520
200	Southern CA Gas	12.750	11/01/99	200,000	213,832
250	Texas Elec Serv	16.000	4/01/12	248,505	287,500
200	Utah Pwr & Lt	8.375	9/01/06	197,700	152,818
200	Utah Pwr & Lt	13.000	12/01/12	200,000	215,084
5,077	SUBTOTAL UTILITIES			5,042,314	4,997,058



POLICE RETIREMENT							
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE		
OTHER							
100	Citicorp Notes	8.450	3/15/07	69,429	77,069		
100	General American Transportation Equip Trust	7.750	12/01/85	100,000	0		
300	Household Finance	7.850	10/01/86	300,000	295,395		
200	Irving Bank	12.375	11/15/07	196,115	204,936		
100	Norwest	7.875	9/15/86	99,985	98,768		
100	Safeco	7.600	12/15/86	100,000	97,515		
100	Union Pacific RR	8.400	3/01/01	77,509	80,125		
100	Union Pacific RR	7.700	1/01/92	100,000	87,253		
150	US Bancorp	7.750	2/15/87	150,000	145,912		
1,250	SUBTOTAL OTHER			1,193,039	1,086,974		
10,877	TOTAL CORPORATES			10,362,178	10,399,856		
CANADIAN OBLIGATIONS							
150	BC Hydro	15.500	7/15/11	148,372	193,500		
200	BC Hydro	12.500	9/01/13	201,964	205,000		
100	Canadian Nat'l Railway	9.700	7/15/04	84,506	90,438		
300	Canadian Nat'l Railway	14.750	9/01/12	300,000	364,500		
300	Hydro Quebec	13.250	12/15/13	300,000	358,416		
200	Municipal Finance BC	13.750	12/01/05	199,387	224,000		
1,250	TOTAL CANADIAN OBLIGATIONS			1,234,229	1,435,854		

POLICE RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
300	US Treasury Notes	10.750	7/15/90	290,536	311,250
300	US Treasury Notes	11.250	12/31/87	301,356	314,814
200	US Treasury Notes	11.750	1/15/91	201,202	215,062
700	US Treasury Notes	12.375	4/15/91	707,629	767,375
100	US Treasury Notes	13.750	7/15/91	100,177	115,500
500	US Treasury Notes	11.875	9/30/86	499,072	521,095
900	US Treasury Notes	11.250	2/15/95	894,169	951,192
150	El Paso Southern Tanker GG	8.100	3/31/03	150,000	119,090
50	USGG Harbor Tug & Barge	8.150	3/15/01	50,000	40,388
100	Shipco 2297 Inc Series B USGG	7.700	5/12/88	95,590	96,036
200	USGG LNG Aries	8.200	12/13/02	178,615	160,830
3,500	TOTAL GOVERNMENT SECURITIES			3,468,345	3,612,632

MUNICIPAL BONDS

27	City of Havre City Hall Bonds	6.000	6/01/89	27,000	27,000
23	City of Havre City Hall Bonds	6.000	6/01/90	23,000	23,000
50	TOTAL MUNICIPAL BONDS			50,000	50,000

POLICE RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
791	MONTANA COMMON STOCK POOL			997,770	1,240,335
94	SHORT TERM INVESTMENT POOL			94,192	95,251
16,562	POLICE RETIREMENT TOTAL			16,206,715	16,833,929

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
500	Aluminum Co of America	9.450	5/15/00	353,066	430,785
1,000	Amax	14.250	12/15/90	995,899	1,000,000
1,000	American Can	11.375	7/01/10	994,726	946,960
2,000	Archer Daniels Midland	13.000	8/01/14	2,002,434	2,177,900
2,500	Arkla	11.125	5/01/03	2,446,591	2,419,575
4,015	Atlantic Richfield	7.750	12/15/03	2,604,064	2,967,848
2,000	Becton Dickinson	10.250	1/15/90	1,894,581	2,010,500
914	Bedarco Inc Arco Independence PP	8.750	12/01/01	913,861	762,121
1,300	Berkshire Hathaway	12.750	8/01/05	1,144,994	1,434,433
299	Berkshire Hathaway PP	8.000	3/01/93	299,000	221,655
1,000	Bethlehem Steel	8.375	3/01/01	995,298	620,000
500	Burlington Industries	9.000	8/15/95	394,604	409,545
2,000	Burlington Industries	11.250	8/01/90	1,982,174	2,010,000
1,000	Cities Serv Gas	13.000	9/15/05	1,000,000	1,018,870
800	Continental Oil	8.875	6/01/01	633,949	673,416
200	Corning Glass Works	7.750	11/15/98	157,025	153,176
398	Countrywide Stations PP	7.750	12/01/01	398,000	297,011
647	Crown Zellerbach Timber	8.125	5/01/94	647,348	538,602
2,000	Dow Chemical	11.250	7/15/10	1,913,634	1,919,500
3,250	Engelhard Minerals & Chemicals	11.750	8/01/05	2,885,891	3,286,855
1,000	Enserch	16.375	4/01/07	996,518	1,140,960
1,800	Ford Motor	9.150	8/01/04	1,431,094	1,548,810
800	General Mills	9.375	3/01/09	566,834	690,952
1,000	Harsco	12.250	5/01/10	1,004,522	1,052,260

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
416	Hooker Chemical PP	10.500	6/29/96	415,718	399,098
500	Inco Limited	12.375	7/15/10	496,659	468,225
1,000	Ingersoll Rand	12.875	9/01/10	1,000,000	1,072,810
500	Inland Steel	7.900	1/15/07	500,000	309,600
500	International Harvester	9.000	6/15/04	497,471	341,250
1,000	International Minerals & Chemicals	11.875	5/01/05	964,765	1,020,820
1,800	Kerr McGee	8.500	6/01/06	1,311,770	1,392,606
1,500	Kerr McGee	7.000	11/01/11	885,871	918,750
500	Kraft	7.600	1/15/07	500,000	372,075
1,548	Lucky Stores PW Westville Holding PP	16.000	10/29/01	1,548,275	2,106,116
260	Lucky Stores PW Geneva Holding PP	16.000	10/29/01	260,019	353,740
193	Lucky Stores Bakery PP	16.000	12/10/01	192,570	262,814
700	Marathon Oil	8.500	11/01/06	697,509	516,782
4,000	May Dept Stores	11.875	4/15/15	3,926,582	4,073,000
1,575	Mobil Corp	8.500	6/15/01	1,313,588	1,276,695
500	Motorola	8.000	10/01/07	324,480	381,435
241	Owens Illinois	7.625	4/01/01	182,786	178,220
1,200	JC Penney	12.000	7/15/10	1,116,617	1,238,748
3,000	JC Penney	12.375	11/01/14	3,008,203	3,168,750
500	Pfizer	8.500	4/15/99	350,101	414,675
1,000	St Regis Paper	10.625	6/15/10	967,712	913,400
2,000	Scott Paper	11.250	6/15/15	1,963,763	1,940,000
500	Shell Oil	8.750	5/15/05	362,993	411,505
1,500	Shell Oil	8.000	4/15/07	1,097,226	1,135,065
4,285	Signal	11.750	7/15/05	4,057,197	4,334,020
292	Std Oil of CA PP Vessel 1700 Chevron Feluy	7.500	1/01/99	292,023	221,806

PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
292	Std Oil of CA PP Vessel 1730 Charles Pigott	7.500	1/01/99	292,023	221,806
200	Superior Oil	9.625	9/15/99	154,013	175,234
576	Systems Building PP	8.000	7/01/97	576,391	473,927
1,500	Tenneco	12.125	5/01/05	1,291,931	1,536,510
500	Tenneco	14.500	4/01/06	493,770	567,115
500	Tenneco	15.000	6/01/06	515,306	583,520
1,500	Texas Oil & Gas	11.500	11/01/02	1,476,540	1,516,395
500	Texasgulf	9.375	12/15/00	368,421	438,750
1,000	Union Carbide	8.500	1/15/05	630,162	744,010
500	Union Carbide	9.350	8/15/09	363,600	397,690
1,400	Union Oil of CA	8.625	3/01/06	1,392,761	1,079,862
425	Union Oil of CA PP	7.500	1/01/98	425,244	337,845
1,000	Witco Chemical	9.500	8/15/09	902,558	868,580
72,826	SUBTOTAL INDUSTRIAL			65,772,723	67,894,983

UTILITIES

500	Alabama Pwr	10.500	12/01/05	500,000	459,040
500	American Tel & Tel	6.000	8/01/00	288,363	321,805
700	Arizona Pub Serv	7.450	3/15/02	700,000	485,485
400	Baltimore Gas & Elec	8.375	9/15/06	402,296	311,616
500	Bell Tel PA	8.625	7/01/06	519,661	398,345
143	Boston Edison	4.625	6/01/87	140,673	130,610
350	Boston Edison	4.750	11/01/95	351,790	221,952
3,000	Carolina Pwr & Lt	12.875	12/01/13	2,940,544	3,184,620
125	Central IL Lt	9.125	8/01/00	127,810	106,375
500	Central IL Lt	9.250	5/01/06	497,390	416,180



PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
500	Central IL Pub Serv	13.625	2/01/10	500,000	570,420
500	Central Pwr & Lt	8.250	10/01/07	496,753	374,990
1,000	Central Pwr & Lt	12.375	1/01/10	1,000,000	1,041,630
1,000	Central Pwr & Lt	15.875	4/01/12	995,531	1,185,000
3,000	Central Pwr & Lt	12.125	3/01/13	2,979,391	3,065,550
500	Central Tel DE	7.600	10/01/97	500,000	382,265
615	Chesap & Potomac Tel MD	6.625	10/01/08	616,331	390,531
500	Chesap & Potomac Tel MD	8.875	6/01/09	523,340	402,065
200	Chesap & Potomac Tel VA	5.250	5/01/05	201,708	111,200
265	Chesap & Potomac Tel VA	6.750	5/01/08	265,363	171,762
100	Chesap & Potomac Tel Wash DC	4.375	2/01/98	99,789	56,560
400	Chesap & Potomac Tel WV	7.250	5/01/09	401,665	272,420
100	Chesap & Potomac Tel WV	9.000	5/15/15	94,529	80,656
500	Cincinnati Bell Tel	7.375	8/01/11	498,937	341,420
200	Cincinnati Gas & Elec	7.375	5/01/99	200,719	142,510
140	Cleveland Elec Illum	7.125	1/15/90	140,376	120,084
1,500	Cleveland Elec Illum	16.625	3/01/12	1,478,301	1,747,500
4,000	Cleveland Elec Illum	12.250	6/01/13	3,933,610	3,818,040
200	Columbia Gas System	7.500	6/01/97	142,142	147,344
1,000	Columbia Gas System	11.750	10/01/99	872,058	992,770
1,500	Columbia Gas System	12.750	8/01/00	1,494,325	1,535,010
1,600	Columbia Gas System	15.375	6/01/97	1,593,643	1,774,912
400	Commonwealth Edison	8.750	3/01/05	400,000	317,404
500	Commonwealth Edison	8.125	1/15/07	498,202	369,485
500	Commonwealth Edison	8.250	12/01/07	492,520	373,265
500	Commonwealth Edison	9.125	10/15/08	493,200	407,605



## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE  
(000)

## SECURITY

## UTILITIES (Continued)

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
1,000	Commonwealth Edison	16.750	5/15/11	1,162,307	1,182,500
482	Connecticut Lt & Pwr	6.875	10/01/98	479,232	335,940
200	Consolidated Natural Gas	7.750	10/01/96	180,162	157,992
1,000	Consolidated Natural Gas	12.875	10/01/00	1,000,000	1,042,230
1,000	Consolidated Natural Gas	11.125	4/01/08	997,901	965,670
1,500	Consumers Pwr PP	10.625	7/01/99	1,500,000	1,385,400
40	Consumers Pwr	4.625	8/01/89	40,197	29,050
50	Consumers Pwr	6.875	5/01/98	50,162	29,625
665	Detroit Edison	9.000	12/01/99	701,312	541,190
500	Detroit Edison	9.875	5/01/04	492,518	429,340
100	Diamond State Tel	4.625	9/01/05	100,149	50,763
300	Duke Pwr	5.375	4/01/97	191,139	195,966
2,000	Duke Pwr	14.500	8/01/12	2,221,412	2,316,160
300	Duquesne Lt	7.000	1/01/99	299,271	208,599
245	Duquesne Lt	7.750	7/01/99	246,513	179,830
350	Duquesne Lt	8.750	3/01/00	350,000	275,338
500	Duquesne Lt	10.125	2/01/09	495,564	428,470
1,000	El Paso Elec	16.350	5/01/91	1,000,000	1,171,240
1,915	El Paso Elec PP	9.950	5/01/04	1,915,000	1,674,591
343	Equitable Gas	8.000	6/15/97	343,000	279,325
1,000	Equitable Gas	12.125	4/01/08	931,226	1,006,510
600	Florida Pwr & Lt	7.750	9/01/01	512,647	448,524
365	Florida Pwr & Lt	8.000	12/01/03	262,376	273,538
2,000	General Tel CA	10.750	10/01/09	1,961,572	1,869,800
1,500	General Tel KY PP	13.750	12/01/00	1,500,000	1,734,750
500	General Tel Midwest	7.625	1/01/03	500,000	365,065

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE  
(000)

SECURITY

INTEREST  
RATEMATURITY  
DATEBOOK  
VALUEMARKET  
VALUE

## UTILITIES (Continued)

1,200	General Tel Southwest	7.875	10/01/01	848,837	902,796
300	General Tel Southwest	7.500	10/01/02	297,968	213,300
800	Georgia Pwr	7.875	6/01/03	553,502	577,024
920	Gulf Pwr	15.000	2/01/10	895,629	1,087,035
250	Gulf States Util	6.750	10/01/98	242,429	172,192
200	Houston Lt & Pwr	7.500	12/01/01	134,812	143,466
510	Houston Lt & Pwr	8.125	2/01/04	359,888	378,956
275	Houston Lt & Pwr	8.375	10/01/07	196,620	206,393
500	Houston Lt & Pwr	11.250	12/01/09	424,281	479,930
1,000	Houston Lt & Pwr	12.000	6/01/10	978,195	1,007,720
500	Idaho Pwr	9.000	8/15/08	497,591	402,715
2,000	Illinois Pwr	12.000	11/15/12	1,966,258	2,015,480
1,000	Indiana Bell Tel	17.000	9/01/20	994,586	1,220,000
1,000	Indianapolis Pwr & Lt	12.500	11/01/14	992,199	1,022,520
1,000	International Tel & Tel	12.625	2/01/05	931,237	1,062,250
500	Iowa Illinois Gas & Elec	8.750	4/01/06	499,135	399,105
200	Iowa Pub Serv	7.375	6/01/02	197,173	145,102
1,000	Iowa Pub Serv	9.750	9/01/09	987,910	858,930
500	Jersey Central Pwr & Lt	8.000	11/01/01	503,450	365,985
200	Kansas City Pwr & Lt	6.750	4/01/98	200,994	139,024
260	Kansas City Pwr & Lt	7.125	2/01/99	260,838	182,135
900	Kansas City Pwr & Lt	7.625	5/01/02	583,167	635,526
500	Kentucky Pwr	5.125	1/01/96	438,798	320,190
500	Kentucky Util	9.625	8/01/09	500,000	424,670
1,000	Massachusetts Elec	12.500	10/01/12	1,000,000	1,020,650
1,020	Michigan Bell Tel	7.750	6/01/11	681,081	721,120

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
200	Michigan Bell Tel	9.600	10/01/08	211,610	171,462
30	Michigan Consolidated Gas	4.500	3/15/88	30,064	25,337
500	Minnesota Pwr & Lt	10.500	8/01/05	500,000	449,215
500	Minnesota Pwr & Lt	8.700	9/01/06	500,000	396,275
1,250	Minnesota Pwr & Lt	8.350	9/01/07	1,170,988	958,112
500	Mississippi Pwr & Lt	7.750	5/01/02	500,000	356,930
400	Montana Pwr	7.500	4/01/01	400,000	281,216
500	Montana Pwr	8.625	3/01/04	500,818	378,735
500	Montana Pwr	9.600	7/01/05	500,000	407,315
1,000	Montana Pwr	9.875	1/01/09	994,402	825,730
300	Mountain States Tel & Tel	5.000	4/01/00	141,961	174,927
100	Mountain States Tel & Tel	5.500	6/01/05	100,452	57,117
660	Mountain States Tel & Tel	6.000	8/01/07	655,666	389,869
400	Mountain States Tel & Tel	7.750	6/01/13	270,454	283,868
500	Mountain States Tel & Tel	8.625	4/01/18	495,905	389,865
1,000	Mountain States Tel & Tel	11.250	11/01/19	1,000,000	986,800
2,000	Mountain States Tel & Tel	12.250	2/01/25	1,890,820	2,110,000
1,000	National Rural Util	13.500	9/15/10	1,000,000	1,096,460
2,000	National Rural Util	14.750	2/01/11	1,983,949	2,260,000
1,000	National Rural Util	15.750	8/15/91	996,935	1,155,000
1,500	New England Tel & Tel	6.125	10/01/06	1,321,946	903,150
150	New Jersey Bell Tel	5.875	12/01/06	151,104	88,572
300	New Jersey Bell Tel	6.625	4/01/08	300,878	191,499
100	New York Elec & Gas	5.625	1/01/97	90,828	64,924
250	New York Tel	7.500	3/01/09	252,501	174,372
250	New York Tel	8.000	7/15/08	148,136	185,625

PUBLIC EMPLOYEES RETIREMENT

PAR VALUE  
(000)

SECURITY

INTEREST  
RATE

MATURITY  
DATE

BOOK  
VALUE

MARKET  
VALUE

UTILITIES (Continued)

2,000	Niagara Mohawk Pwr	12.500	6/15/13	2,000,000	2,058,480
300	North Elec PP	8.625	9/01/96	300,000	258,165
150	Northern Indiana Pub Serv	4.625	5/15/95	151,094	102,447
250	Northern States Pwr	4.500	8/01/94	251,019	175,188
150	Northwestern Bell Tel	4.375	5/01/89	144,685	128,268
650	Northwestern Bell Tel	7.500	4/01/05	420,576	461,994
200	Ohio Bell Tel	5.000	2/01/06	201,123	106,416
325	Ohio Bell Tel	5.375	3/01/07	325,000	177,554
100	Ohio Bell Tel	8.750	1/01/10	100,149	78,621
50	Ohio Edison	4.500	4/01/89	50,033	39,754
300	Ohio Edison	8.250	9/01/99	302,947	227,679
250	Ohio Edison	9.250	5/01/00	250,320	203,015
960	Otter Tail Pwr PP	13.375	11/01/05	960,000	1,095,830
700	Otter Tail Pwr	9.625	11/01/08	650,085	590,072
380	Pacific Gas & Elec	8.000	6/01/03	392,874	283,290
400	Pacific Gas & Elec	7.750	12/01/05	268,675	287,592
500	Pacific Gas & Elec	10.125	8/01/12	498,978	443,000
1,000	Pacific Gas & Elec	13.375	8/01/15	991,623	1,097,630
1,010	Pacific Northwest Bell Tel	6.750	12/01/07	920,989	653,914
500	Pacific Northwest Bell Tel	7.750	8/01/09	495,671	351,815
1,675	Pacific Tel & Tel	6.500	7/01/03	1,059,168	1,070,828
300	Pacific Tel & Tel	8.750	10/01/06	299,771	240,756
1,000	Pacific Tel & Tel	7.800	3/01/07	891,232	723,540
200	Pacific Tel & Tel	9.500	6/15/11	192,229	169,238

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
1,000	Pacific Tel & Tel	9.875	2/15/16	1,000,000	874,200
2,000	Pacific Tel & Tel	9.750	7/01/19	2,000,000	1,724,620
200	Pennsylvania Elec	4.625	10/01/94	201,419	124,132
200	Peoples Gas	6.250	8/15/92	141,945	158,792
175	Philadelphia Elec	4.500	5/01/94	175,462	109,210
300	Philadelphia Elec	6.125	10/01/97	299,686	196,779
100	Potomac Edison	4.625	3/01/94	100,389	71,382
200	Potomac Elec Pwr	7.750	10/01/07	200,314	145,670
989	Public Serv CO	16.250	12/01/11	989,000	1,228,753
1,000	Public Serv IN	14.750	2/01/11	967,984	1,065,000
986	Public Serv IN	15.750	12/01/11	950,899	1,086,720
200	Public Serv NM	7.500	6/15/02	198,660	142,840
100	Public Serv Elec & Gas	4.750	9/01/90	73,332	80,657
2,350	Public Serv Elec & Gas	8.750	4/01/06	1,739,512	1,880,916
500	South Carolina Elec & Gas	10.125	4/01/09	496,031	440,065
3,040	South Central Bell Tel	8.250	12/01/04	2,242,675	2,354,754
100	Southern Bell Tel & Tel	4.375	3/01/98	98,362	56,511
4,000	Southern Bell Tel & Tel	16.000	11/01/21	4,652,199	4,710,000
300	Southern CA Edison	6.125	8/15/91	236,170	245,229
1,000	Southern CA Gas	17.375	9/15/01	979,698	1,320,790
100	Southern New England Tel	7.750	6/01/04	100,000	73,713
1,000	Southern Union	12.875	9/15/05	1,010,035	1,049,420
135	Southwestern Bell Tel	4.500	8/01/97	136,470	78,941
1,305	Southwestern Bell Tel	6.750	6/01/08	1,197,340	821,654
2,000	Southwestern Bell Tel	8.250	3/01/14	1,421,679	1,476,260
100	Southwestern Bell Tel	8.250	4/01/17	96,519	73,803



## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE  
(000)

SECURITY

INTEREST  
RATEMATURITY  
DATEBOOK  
VALUEMARKET  
VALUE

## UTILITIES (Continued)

1,000	Southwestern Bell Tel	11.375	1/15/20	828,742	980,860
2,000	Southwestern Bell Tel	12.750	2/15/25	1,977,688	2,140,000
300	Southwestern Elec Pwr	4.375	4/01/93	300,243	217,176
1,960	Southwestern Elec Pwr	15.500	5/01/12	1,951,215	2,355,665
100	Southwestern Pub Serv	4.500	2/01/94	100,159	71,055
2,000	Southwestern Pub Serv	8.450	5/01/01	1,462,603	1,611,500
500	Southwestern Pub Serv	8.750	3/01/08	500,000	396,935
300	Texas Elec Serv	4.375	4/01/93	300,847	216,912
1,000	Texas Elec Serv	9.500	2/01/09	994,482	841,810
1,000	Texas Elec Serv	15.875	12/01/11	954,543	1,221,270
100	Texas Pwr & Lt	8.875	9/01/00	101,227	83,316
250	Tucson Gas & Elec PP	4.550	2/01/95	250,000	160,852
100	Union Elec	4.500	11/01/93	100,279	70,826
500	United Illum	8.250	12/15/03	500,000	280,000
350	United Intermountain Tel PP	11.000	10/01/99	350,000	336,560
451	United Tel Carolinas PP	7.875	10/01/02	450,901	328,048
455	United Tel Carolinas PP	9.875	10/01/00	455,000	400,759
70	United Tel MO PP	7.875	6/01/03	70,000	50,695
410	United Tel Northwest PP	10.750	9/01/99	410,000	387,245
300	Utah Pwr & Lt	7.500	5/01/02	300,000	214,773
500	Utah Pwr & Lt	10.250	11/01/05	501,698	446,110
2,000	Utah Pwr & Lt	9.125	5/01/08	2,000,000	1,620,980
1,000	Utah Pwr & Lt	16.375	12/01/11	984,567	1,135,000
2,000	Utah Pwr & Lt	13.000	12/01/12	2,000,000	2,150,840
500	Virginia Elec Pwr	8.625	3/01/07	497,286	394,080
500	Virginia Elec Pwr	9.625	7/01/08	500,000	426,440

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
200	UTILITIES (Continued)				
	Washington Water Pwr	4.625	9/01/94	200,000	139,228
138,894	SUBTOTAL UTILITIES			131,956,116	126,967,257
	OTHER				
240	American Rail Box Car PP	9.125	11/01/90	240,494	237,420
588	Atchinson Topeka & Santa Fe RR PP	8.625	9/19/89	588,486	572,671
500	Bankers Trust	8.625	11/01/02	499,132	405,155
500	Beneficial	8.300	6/01/03	500,000	384,140
500	Beneficial	8.350	2/15/88	500,000	485,115
307	California & Hawaiian Sugar Islander PP	8.250	8/24/93	306,905	270,016
423	Channelview Leasing PP	9.250	7/15/96	422,730	388,872
500	Chemical	8.250	8/01/02	498,186	388,670
1,600	Citicorp Notes	8.450	3/15/07	1,124,181	1,233,104
2,600	Citicorp Notes	8.125	7/01/07	1,660,161	1,942,668
393	Colonial Pipeline PP	7.875	6/01/02	393,000	299,293
4,000	Cortez Capital PP	12.625	5/15/03	4,000,000	4,402,000
1,000	Crocker Nat'l	8.600	12/01/02	829,239	844,970
1,000	Exxon Pipeline	9.000	10/15/04	752,552	862,100
600	Exxon Pipeline	8.875	10/15/00	450,467	518,274
2,000	First Interstate Bancorp	12.250	5/15/10	1,888,375	2,071,240
977	First Interstate Banks PP	13.500	3/01/99	977,108	1,124,478
500	First National Bank AZ	7.700	4/01/97	499,407	394,860
436	First Security PP	8.500	10/01/97	436,000	364,740
2,000	Ford Motor Credit	9.125	6/01/01	1,646,208	1,714,120
750	General American Transportation Equip Trust	8.150	6/01/97	685,069	597,188
500	General American Transportation Equip Trust	9.000	11/15/98	427,227	423,010



## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
OTHER (Continued)					
500	General Motors Acceptance	8.000	7/15/07	496,785	373,215
500	Household Finance	8.200	9/15/07	347,314	379,455
1,850	Household Finance	9.625	6/15/04	1,669,303	1,622,616
500	International Harvester Credit	8.625	8/01/91	500,000	410,000
500	International Harvester Credit	7.500	1/15/94	498,982	353,750
1,000	Irving Bank	12.375	11/15/07	980,577	1,024,680
594	Missouri Pacific RR PP	9.750	6/01/94	593,679	570,151
850	Pullman Transport Leasing	9.625	8/01/99	727,901	779,076
500	Safeco	7.600	12/15/86	500,000	500,000
350	St Louis Southwestern RY PP	9.000	8/01/91	350,000	327,498
1,100	Sohio BP Trans Alaska Pipeline	9.750	12/01/99	1,027,524	990,572
500	Sohio Pipeline	8.750	5/01/01	384,492	406,815
400	Southern RR	7.375	11/15/91	395,103	343,712
257	Trailer Train PP	11.250	7/15/89	256,654	270,994
222	Trailer Train PP	8.750	4/01/89	222,222	216,179
500	Transamerica	8.625	12/15/01	344,181	424,920
3,000	Transamerica	11.875	6/01/05	2,913,278	3,027,990
500	Transamerica Financial	9.875	3/01/99	393,268	460,535
500	Union Pacific RR	8.400	3/01/01	500,000	400,625
500	Union Pacific RR	7.700	1/01/92	500,000	436,265
650	Wells Fargo	7.875	11/15/97	468,258	510,601
37,187	SUBTOTAL OTHER			33,394,449	33,753,754
248,907	TOTAL CORPORATES			231,123,288	228,615,994

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CANADIAN OBLIGATIONS					
500	Bell Canada	8.750	4/01/06	331,459	401,865
500	Bell Canada	13.375	10/15/10	477,206	571,865
1,000	BC Hydro	8.375	6/15/07	1,000,000	774,010
1,000	BC Hydro	15.500	7/15/11	993,946	1,290,000
500	BC Hydro	15.500	11/15/11	495,832	645,000
4,000	BC Hydro	12.500	9/01/13	4,016,429	4,410,000
780	BC Hydro	9.625	7/15/96	780,000	721,633
1,650	Canadian Nat'l Railway	9.700	7/15/04	1,372,145	1,492,227
2,000	Canadian Nat'l Railway	14.000	1/15/06	1,789,370	2,300,000
1,000	Canadian Nat'l Railway	15.000	6/01/06	955,859	1,210,000
357	Canadian Nat'l Railway PP	9.000	7/01/91	356,980	331,357
869	Canadian Nat'l Railway PP	9.250	3/15/98	869,000	785,063
200	Canadian Pacific Equip Trust PP	10.125	7/02/90	200,000	204,490
1,500	Gulf Canada	15.500	7/01/11	1,434,950	1,758,750
500	Hydro Quebec	10.000	11/15/05	500,000	450,290
1,100	Hydro Quebec	8.600	9/15/06	664,230	873,290
1,000	Hydro Quebec	13.250	12/15/13	1,000,000	1,194,720
3,000	Imperial Oil	9.750	9/15/09	2,653,046	2,683,620
500	Manitoba Hydro Elec Board	9.375	12/01/04	487,854	428,255
980	Municipal Finance BC	8.875	5/01/01	980,000	825,140
700	Municipal Finance BC	13.750	12/01/05	697,856	784,000
500	Nova Scotia Pwr	10.500	9/15/00	500,000	471,075
725	Ontario Hydro PP	9.500	3/15/96	725,000	672,264
1,000	Quebec Hydro Elec	8.250	1/01/04	996,901	774,800

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CANADIAN OBLIGATIONS (Continued)					
500	Quebec Hydro Elec	9.750	8/01/05	444,268	444,215
26,361	TOTAL CANADIAN OBLIGATIONS			24,722,332	26,497,928
CONVERTIBLE					
500	Coopervision CV Sub Debts	8.625	3/01/05	500,000	551,250
500	Fleet Financial Group CV	8.500	4/01/10	500,000	605,175
250	Rykoff-Sexton CV Sub Debts	9.200	2/01/05	250,000	288,750
1,250	TOTAL CONVERTIBLE			1,250,000	1,445,175
GOVERNMENT SECURITIES					
2,000	US Treasury Bills		12/26/85	1,830,600	1,914,133
1,200	Repo: Citibank	7.400	7/01/85	1,200,000	1,200,000
4,000	US Treasury Notes	10.750	7/15/90	3,867,187	4,150,000
2,000	US Treasury Notes	11.750	11/15/93	1,920,612	2,160,000
2,000	US Treasury Notes	11.375	2/15/89	1,994,078	2,109,380
7,200	US Treasury Notes	11.250	12/31/87	7,177,380	7,555,536
3,000	US Treasury Notes	11.750	1/15/91	3,018,036	3,225,930
1,000	US Treasury Notes	11.750	5/15/89	996,855	1,067,500
6,000	US Treasury Notes	12.375	4/15/91	6,087,155	6,577,500
5,000	US Treasury Notes	13.125	5/15/94	4,913,048	5,760,950
2,700	US Treasury Notes	13.750	7/15/91	2,704,787	3,118,500

## PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
2,000	US Treasury Notes	12.750	11/15/89	1,996,838	2,204,380
3,000	US Treasury Notes	11.875	9/30/86	2,994,429	3,126,570
3,000	US Treasury Notes	11.250	2/15/95	2,987,364	3,170,640
2,500	US Treasury Notes	11.375	5/15/90	2,491,937	2,648,450
2,000	American President Lines XI	11.750	3/29/08	2,000,000	2,177,160
1,000	Boston VLCC Tanker	9.200	8/17/01	822,462	885,740
137	Farmers Home Admin Notes	8.750	12/26/94	137,086	123,947
33	Farmers Home Admin Notes	8.750	12/09/94	32,726	29,862
593	Farmers Home Admin Notes	8.750	5/04/95	592,882	535,135
56	Martin Luther Tower FHA Mortgage	5.150	5/01/06	53,154	30,255
900	Federal Farm Credit Banks	9.900	1/20/87	885,844	914,904
500	Federal Home Loan Banks	7.650	5/26/87	500,000	490,315
271	Federal Home Loan Mortgage	8.200	9/15/07	269,492	213,865
1,000	FNMA	8.550	9/12/88	998,125	980,630
2,990	Fourth Tug Barge USGG	11.800	12/31/08	2,990,000	3,270,851
1,750	GNMA Pool 36086	10.000	11/15/09	1,597,932	1,649,918
715	GNMA Pool 45633	13.500	5/15/11	753,035	770,191
1,962	GNMA Pool 46938	10.000	12/15/10	1,705,900	1,849,793
98	GNMA Pool 54503	13.500	10/15/12	103,548	105,565
973	GNMA Pool 68937	11.500	6/15/13	937,046	981,212
974	GNMA Pool 70264	11.500	6/15/13	937,705	982,221
1,870	Houtech LTD I MM USGG PP	12.750	8/01/00	1,870,000	2,146,554
500	Lachmar Hull 53 USGG	8.625	5/15/00	396,349	423,500
1,000	Marine Drilling GG MM PP	14.250	3/01/96	1,000,000	1,248,040
130	Mutual Mortgage Gen Ins Fund	4.125	12/01/85	129,772	127,260

PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
1,000	Patriot 5 Shipping Ser A USGG	8.100	4/12/04	1,000,000	791,050
500	Patriot 5 Shipping Ser B USGG	8.000	4/12/04	377,149	391,510
3,365	LNG Arles USGG	8.200	12/13/02	2,658,925	2,705,965
900	LNG Capricorn USGG	8.950	6/22/03	722,985	775,359
416	Whitney Steamship USGG PP	9.300	4/29/00	415,849	373,056
72,233	TOTAL GOVERNMENT SECURITIES			70,068,273	74,963,325
COMMON STOCK					
2	Development Corp of Montana			162,000	162,000
2	TOTAL COMMON STOCK			162,000	162,000
SHORT TERM SECURITIES					
2,000	BAC: Chase Manhattan Bank		7/22/85	1,983,031	1,992,136
2,500	GMAC - CP		7/08/85	2,481,892	2,486,031
1,900	GMAC - CP		7/09/85	1,887,587	1,891,078
1,000	BAC: MHT		7/15/85	994,562	997,583
1,000	BAC: Morgan Guaranty Trust		7/23/85	991,308	996,068
2,400	SRAC - CP		7/11/85	2,386,680	2,392,107



PUBLIC EMPLOYEES RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES (Continued)					
1,000	BAC: Security Pacific Nat'l Bank Miami		7/24/85	990,404	995,304
1,300	BAC: Security Pacific Nat'l Bank Cleveland		7/29/85	1,287,121	1,297,902
13,100	TOTAL SHORT TERM SECURITIES			13,002,586	13,048,209
OTHER					
25	Land		6/30/86	25,000	25,000
106	PERS Building		6/30/86	105,655	105,655
111	ESC Building Municipal Revenue Bond	8.000	6/01/86	111,033	111,033
118	ESC Building Municipal Revenue Bond	8.000	6/01/88	117,939	117,939
360	TOTAL OTHER			359,627	359,627
55,848	MONTANA COMMON STOCK POOL			55,768,439	87,573,015
64,901	MORTGAGES			64,901,240	64,901,240
482,962	PUBLIC EMPLOYEES RETIREMENT TOTAL			461,357,785	497,566,514

REAL PROPERTY TRUST					
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	SHORT TERM SECURITIES				
760	BAC: Bankers Trust		8/09/85	751,832	757,997
760	TOTAL SHORT TERM SECURITIES			751,832	757,997
760	REAL PROPERTY TRUST TOTAL			751,832	757,997



# RESOURCE INDEMNITY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
500	American Can	11.375	7/01/10	497,363	473,480
1,000	Arkla	11.125	5/01/03	1,000,000	967,830
1,000	Atlantic Richfield	7.750	12/15/03	613,264	739,190
800	Cities Serv	13.875	1/15/11	748,203	872,000
100	Diamond Shamrock	8.500	4/01/08	98,483	74,368
500	Dow Chemical	11.250	7/15/10	478,409	479,875
550	Engelhard Minerals & Chemicals	11.750	8/01/05	488,382	556,237
500	Enserch	16.375	4/01/07	498,259	570,480
1,000	Honeywell	14.125	2/01/11	921,836	1,132,390
500	Inco Limited	12.375	7/15/10	500,000	468,225
500	Kerr McGee	8.500	6/01/06	497,382	386,835
1,000	May Dept Stores	11.875	4/15/15	985,887	1,018,250
500	Monsanto	8.750	5/15/08	497,614	396,180
500	St Regis Paper	10.625	6/15/10	484,377	456,700
1,000	Scott Paper	11.250	6/15/15	981,269	970,000
300	Sears Roebuck	8.000	4/01/06	299,480	227,937
500	Tenneco	12.125	5/01/05	401,073	512,170
500	Tenneco	14.500	4/01/06	493,770	567,115
150	Tenneco	15.000	6/01/06	138,124	175,056
600	Witco Chemical	9.500	8/15/09	506,432	521,148
12,000	SUBTOTAL INDUSTRIAL			11,129,605	11,565,466

# RESOURCE INDEMNITY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES					
1,000	Central Pwr & Lt	15.875	4/01/12	997,765	1,185,000
500	Cleveland Elec Illum	16.625	3/01/12	492,767	582,500
1,000	Cleveland Elec Illum	12.250	6/01/13	986,042	954,510
1,000	Columbia Gas System	15.375	6/01/97	996,027	1,109,320
1,000	Consolidated Natural Gas	11.125	4/01/08	997,901	965,670
500	Dallas Pwr & Lt	12.250	2/01/13	500,000	502,575
479	El Paso Elec PP	9.950	5/01/04	479,000	418,866
1,000	General Tel MI	11.875	6/01/10	965,652	991,540
500	General Tel Southwest	14.000	11/01/10	525,576	550,745
1,000	Houston Lt & Pwr	12.375	3/15/13	969,375	1,022,620
1,000	Niagara Mohawk Pwr	12.500	6/15/13	1,000,000	1,029,240
200	Pacific Gas & Elec	10.125	8/01/12	199,591	177,200
1,000	Pacific Gas & Elec	16.250	2/01/14	994,685	1,210,000
200	Pacific Tel & Tel	9.875	2/15/16	200,000	174,840
500	Pacific Tel & Tel	9.750	7/01/19	500,000	431,155
498	Public Serv IN	15.750	12/01/11	480,271	548,871
250	Public Serv Elec & Gas	8.450	9/01/06	250,000	193,840
1,000	Southern Bell Tel & Tel	16.000	11/01/21	1,163,697	1,177,500
500	Southwestern Bell Tel	8.250	3/01/14	355,420	369,065
980	Southwestern Elec Pwr	15.500	5/01/12	975,607	1,177,833
500	Utah Pwr & Lt	9.125	5/01/08	500,000	405,245
14,607	SUBTOTAL UTILITIES			14,529,379	15,178,135
OTHER					
500	American Express Credit	11.250	7/01/00	475,025	496,420
500	Beneficial	8.300	6/01/03	500,000	384,140

# RESOURCE INDEMNITY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	OTHER (Continued)				
150	Beneficial	8.350	2/15/88	150,000	145,534
500	Citicorp Notes	8.450	3/15/07	370,500	385,345
500	Exxon Pipeline	8.875	10/15/00	400,180	431,895
500	First Interstate Bancorp	12.250	5/15/10	496,679	517,810
350	General Motors Acceptance	8.875	6/01/99	349,268	295,376
500	Household Finance	9.625	6/15/04	451,163	438,545
500	Transamerica	11.875	6/01/05	478,984	504,665
4,000	SUBTOTAL OTHER			3,671,800	3,599,730
30,607	TOTAL CORPORATES			29,330,783	30,343,331

# CANADIAN OBLIGATIONS

500	BC Hydro	8.375	6/15/07	500,000	387,005
1,000	BC Hydro	12.500	9/01/13	978,859	1,102,500
500	Gulf Canada	15.500	7/01/11	500,000	586,250
200	Manitoba Hydro Elec Board	9.250	1/15/06	198,629	168,868
500	Manitoba Hydro Elec Board	9.250	6/30/01	498,399	428,155
100	Quebec Hydro Elec	10.250	1/15/05	100,000	92,145
2,800	TOTAL CANADIAN OBLIGATIONS			2,775,887	2,764,923

# GOVERNMENT SECURITIES

1,500	US Treasury Notes	10.750	7/15/90	1,449,367	1,556,250
2,000	US Treasury Notes	11.750	11/15/93	1,920,612	2,160,000

RESOURCE INDEMNITY						
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE	
GOVERNMENT SECURITIES (Continued)						
500	US Treasury Notes	11.250	12/31/87	493,641	524,690	
2,000	US Treasury Notes	12.375	4/15/91	1,956,112	2,192,500	
2,000	US Treasury Notes	13.125	5/15/94	1,965,820	2,304,380	
349	American Commercial Lines USGG	8.500	7/15/01	349,000	290,693	
962	GNMA Pool 65458	11.500	4/15/13	931,636	970,119	
936	Houtech LTD I MM USGG PP	12.750	8/01/00	936,000	1,074,425	
593	LNG Aries USGG	8.200	12/13/02	501,979	476,861	
300	Federal Intermediate Credit Banks	7.950	4/01/86	290,258	254,250	
11,140	TOTAL GOVERNMENT SECURITIES			10,794,425	11,804,168	
4,068	SHORT TERM INVESTMENT POOL			4,067,679	4,123,984	
48,615	RESOURCE INDEMNITY TOTAL			46,968,775	49,036,405	

## SHERIFFS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
100	American Can	11.375	7/01/10	99,473	94,696
500	Anchor Hocking	8.625	7/01/06	497,375	399,000
370	Archer Daniels Midland	13.000	8/01/14	370,450	402,912
100	Arkla	11.125	5/01/03	96,439	96,783
150	Atlantic Richfield	7.750	12/15/03	106,447	110,878
100	Cities Serv	13.875	1/15/11	100,000	109,000
100	Cities Serv Gas	13.000	9/15/05	100,000	101,887
100	Continental Oil	8.875	6/01/01	99,841	84,177
200	Dayton Hudson	12.000	4/15/15	200,000	207,436
200	Dow Chemical	11.250	7/15/10	191,363	191,950
100	Engelhard Minerals & Chemicals	11.750	8/01/05	88,797	101,134
200	Enserch	16.375	4/01/07	199,304	228,192
100	General Mills	9.375	3/01/09	70,854	86,369
100	Harsco	12.250	5/01/10	100,452	105,226
200	Kerr McGee	8.500	6/01/06	145,752	154,734
150	K Mart	15.750	12/01/06	148,071	205,785
100	3M	8.850	4/01/05	100,000	85,245
400	JC Penney	12.000	7/15/10	372,206	412,916
200	RJ Reynolds	13.350	10/01/12	200,000	221,500
100	Studebaker Worthington	9.350	11/15/03	100,000	79,264
200	Texas Oil & Gas	11.500	11/01/02	196,872	202,186
100	Witco Chemical	9.500	8/15/09	99,698	86,858
3,870	SUBTOTAL INDUSTRIAL			3,683,394	3,768,128

SHERIFFS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES					
200	Cincinnati Gas & Elec	9.850	5/01/05	200,000	166,554
400	Cleveland Elec Illum	12.250	6/01/13	392,305	381,804
200	Columbia Gas System	15.375	6/01/97	199,205	221,864
200	Consolidated Natural Gas	11.125	4/01/08	199,580	193,134
200	Duke Pwr	14.500	8/01/12	222,141	231,616
200	General Tel CA	10.750	10/01/09	195,550	186,980
300	General Tel MI	11.875	6/01/10	282,693	297,462
200	General Tel Southwest	14.000	11/01/10	210,230	220,298
100	Houston Lt & Pwr	11.250	12/01/09	97,146	95,986
100	Idaho Pwr	9.000	8/15/08	99,036	80,543
100	Kentucky Util	9.625	8/01/09	99,698	84,934
150	Massachusetts Elec	12.500	10/01/12	150,000	153,098
100	Minnesota Pwr & Lt	8.350	9/01/07	100,000	76,649
100	Montana Pwr	9.875	1/01/09	99,440	82,573
200	National Rural Util	14.750	2/01/11	200,000	226,000
200	Niagara Mohawk Pwr	12.500	6/15/13	200,000	205,848
100	Pacific Gas & Elec	10.125	8/01/12	99,796	88,600
200	Pacific Gas & Elec	16.250	2/01/14	196,291	242,000
100	Pacific Tel & Tel	9.875	2/15/16	100,000	87,420
200	Southern CA Gas	12.750	11/01/99	200,000	213,832
150	Southwestern Pub Serv	8.750	3/01/08	150,000	119,080
100	Texas Elec Serv	16.000	4/01/12	99,402	115,000
200	Utah Pwr & Lt	9.125	5/01/08	200,000	162,098
4,000	SUBTOTAL UTILITIES			3,992,514	3,933,373



## SHERIFFS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	OTHER				
100	American Express Credit	11.250	7/01/00	95,005	99,284
100	Beneficial	8.350	2/15/88	100,000	97,023
100	Citicorp Notes	8.450	3/15/07	75,268	77,069
200	Irving Bank	12.375	11/15/07	196,115	204,936
100	US National Bank of Oregon Notes	7.750	1/15/02	60,471	75,941
100	US Bancorp	7.750	2/15/87	100,000	97,275
700	SUBTOTAL OTHER			626,859	651,528
8,570	TOTAL CORPORATES			8,302,767	8,353,029
	CANADIAN OBLIGATIONS				
450	BC Hydro	15.500	7/15/11	445,115	580,500
200	BC Hydro	12.500	9/01/13	201,964	220,500
100	Canadian Nat'l Railway	9.700	7/15/04	84,506	90,438
300	Canadian Nat'l Railway	14.750	9/01/12	300,000	364,500
300	Hydro Quebec	13.250	12/15/13	300,000	358,416
98	Municipal Finance BC	8.875	5/01/01	98,000	82,514
200	Municipal Finance BC	13.750	12/01/05	199,387	224,000
1,648	TOTAL CANADIAN OBLIGATIONS			1,628,972	1,920,868
	GOVERNMENT SECURITIES				
200	US Treasury Notes	10.750	7/15/90	193,690	207,500
500	US Treasury Notes	11.250	12/31/87	497,088	524,690



## SHERIFFS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
200	US Treasury Notes	11.750	1/15/91	201,202	215,062
100	US Treasury Notes	11.750	5/15/89	94,697	106,750
300	US Treasury Notes	12.375	4/15/91	286,872	328,875
300	US Treasury Notes	12.750	11/15/89	299,526	330,657
300	US Treasury Notes	11.875	9/30/86	299,443	312,657
900	US Treasury Notes	11.250	2/15/95	894,169	951,192
200	US Treasury Notes	11.375	5/15/90	199,355	211,876
149	American Commercial Lines USGG	8.500	7/15/01	149,000	124,107
9	El Paso Cove Point Tanker Ser A USGG	9.250	3/31/03	7,025	7,817
3,158	TOTAL GOVERNMENT SECURITIES			3,122,067	3,321,182
1,062	MONTANA COMMON STOCK POOL			1,297,317	1,665,280
958	SHORT TERM INVESTMENT POOL			958,290	983,613
15,396	SHERIFFS RETIREMENT TOTAL			15,309,414	16,243,973

# SHORT TERM INVESTMENT POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	CORPORATES				
	INDUSTRIAL				
1,000	RJ Reynolds	9.750	1/15/86	981,080	1,010,000
1,000	SUBTOTAL INDUSTRIAL			981,080	1,010,000
	OTHER				
1,000	Allis Chalmers Credit	12.000	6/01/90	996,250	985,000
1,000	First National Boston	8.300	7/15/85	966,380	992,000
3,000	General Motors Acceptance	10.000	7/15/85	3,000,000	3,000,000
500	General Motors Acceptance	8.875	7/15/85	487,930	500,000
1,000	General Motors Acceptance	14.625	6/15/89	1,007,500	1,090,000
1,800	Merrill Lynch	9.750	1/15/86	1,775,250	1,818,000
1,000	Montgomery Ward Credit	13.625	12/01/87	1,000,000	1,042,500
800	Security Pacific Notes	8.800	12/15/85	776,000	803,000
10,100	SUBTOTAL OTHER			10,009,310	10,230,500
11,100	TOTAL CORPORATES			10,990,390	11,240,500

## CANADIAN OBLIGATIONS

500	New Brunswick Elec	15.000	5/01/91	502,500	578,125
500	TOTAL CANADIAN OBLIGATIONS			502,500	578,125

SHORT TERM INVESTMENT POOL

PAR VALUE  
(000)

SECURITY

INTEREST  
RATE

MATURITY  
DATE

BOOK  
VALUE

MARKET  
VALUE

GOVERNMENT SECURITIES

5,000	US Treasury Bills		10/31/85	4,577,250	4,879,000
3,320	US Treasury Bills		10/31/85	3,055,711	3,239,656
3,320	US Treasury Bills		10/31/85	3,056,160	3,239,656
1,705	US Treasury Bills		11/29/85	1,556,133	1,654,020
4,410	US Treasury Bills		11/29/85	4,031,838	4,278,141
5,560	US Treasury Bills		12/26/85	5,091,408	5,364,844
3,900	US Treasury Bills		1/23/86	3,574,675	3,740,490
4,500	US Treasury Bills		2/20/86	4,116,890	4,288,950
1,450	US Treasury Bills		3/20/86	1,325,876	1,373,730
4,375	US Treasury Bills		3/20/86	3,999,412	4,144,875
4,375	US Treasury Bills		3/20/86	3,999,625	4,144,875
6,800	Repo: Citibank	7.400	7/01/85	6,800,000	6,800,000
2,000	US Treasury Notes	9.875	2/15/86	1,993,660	2,025,625
2,000	US Treasury Notes	9.875	2/15/86	1,986,875	2,025,625
3,000	US Treasury Notes	9.875	2/15/86	3,005,625	3,038,438
4,300	US Treasury Notes	9.375	5/15/86	4,297,312	4,356,438
3,565	US Treasury Notes	9.375	5/15/86	3,567,785	3,611,791
2,500	US Treasury Notes	9.375	5/15/86	2,501,953	2,532,812
2,000	US Treasury Notes	9.375	5/15/86	2,001,250	2,026,250
5,000	US Treasury Notes	9.375	5/15/86	4,991,406	5,065,625
5,070	Federal Farm Credit Banks	9.300	9/03/85	5,066,831	5,079,506
3,000	Federal Farm Discount Notes		7/05/85	2,965,771	2,996,450
4,170	Federal Home Loan Banks	9.200	1/27/86	4,177,819	4,198,669
4,135	Federal Home Loan Banks	9.200	1/27/86	4,142,107	4,163,428
3,065	Federal Home Loan Banks	9.200	1/27/86	3,064,042	3,086,072

# SHORT TERM INVESTMENT POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
3,065	Federal Home Loan Banks	9.200	1/27/86	3,064,042	3,086,072
4,000	Federal Home Loan Banks	9.150	4/25/86	4,003,750	4,028,750
2,000	Federal Home Loan Banks	8.750	5/27/86	2,000,000	2,011,875
2,000	Federal Home Loan Banks	8.750	5/27/86	2,000,000	2,011,875
4,100	Federal National Mortgage Assoc	9.950	3/10/86	4,091,031	4,148,688
3,000	Federal National Mortgage Assoc	9.950	3/10/86	2,993,906	3,035,625
4,300	Federal National Mortgage Assoc	9.950	3/10/86	4,297,312	4,351,062
4,000	Federal National Mortgage Assoc	9.950	3/10/86	3,996,875	4,047,500
8					
118,985	TOTAL GOVERNMENT SECURITIES			115,394,331	118,076,413

# SHORT TERM SECURITIES

1,000	BAC: Bank of America, SF		7/08/85	986,872	998,125
4,000	BAC: Bank of America, SF		7/08/85	3,974,044	3,992,500
2,000	BAC: Bank of America, SF		7/17/85	1,972,210	1,992,500
800	BAC: Bank of America, SF		8/02/85	791,986	794,371
3,000	BAC: Bank of America, SF		8/16/85	2,966,960	2,970,200
2,000	BAC: Bank of America, SF		8/21/85	1,976,478	1,978,064
1,000	BAC: Bankers Trust		7/05/85	987,587	998,750
4,000	BAC: Bankers Trust		7/05/85	3,965,000	3,995,000
2,000	BAC: Bankers Trust		7/08/85	1,972,889	1,996,250
300	BAC: Bankers Trust		7/12/85	296,555	299,188
2,000	BAC: Bankers Trust		7/19/85	1,960,596	1,991,667
1,000	BAC: Bankers Trust		7/19/85	987,804	995,833

SHORT TERM INVESTMENT POOL

PAR VALUE  
(000)

SECURITY

INTEREST  
RATE

MATURITY  
DATE

BOOK  
VALUE

MARKET  
VALUE

SHORT TERM SECURITIES (Continued)

1,500	BAC: Bankers Trust		7/26/85	1,476,866	1,491,562
1,000	BAC: Bankers Trust		7/30/85	988,801	993,585
3,240	BAC: Bankers Trust		8/09/85	3,205,179	3,212,510
2,900	BAC: Bankers Trust		8/26/85	2,859,869	2,865,192
1,000	BAC: Bankers Trust, Miami		7/08/85	986,600	998,125
1,000	BAC: Bankers Trust, Miami		8/02/85	990,938	992,964
2,000	BAC: Chase Manhattan Bank		7/22/85	1,975,033	1,990,417
2,000	BAC: Citibank		7/08/85	1,972,787	1,996,250
2,500	BAC: Citibank		7/09/85	2,475,946	2,494,792
4,000	BAC: Citibank		7/11/85	3,933,894	3,990,000
3,000	BAC: Citibank		7/17/85	2,956,829	2,988,750
3,000	BAC: Citibank		7/22/85	2,938,954	2,985,625
5,000	BAC: Irving Trust		7/29/85	4,898,500	4,968,958
1,000	BAC: Irving Trust		8/12/85	990,481	990,894
1,000	BAC: MHT		7/09/85	983,006	997,917
1,000	BAC: MHT		7/15/85	985,297	996,667
1,200	BAC: MHT		7/15/85	1,193,475	1,196,000
2,500	BAC: MHT		7/25/85	2,462,625	2,486,458
3,000	BAC: MHT		7/30/85	2,950,938	2,980,754
2,000	BAC: MHT		8/29/85	1,972,783	1,974,821
1,000	BAC: Morgan Guaranty Trust		7/22/85	987,467	995,208
1,000	BAC: Norwest Bank, Minneapolis		7/09/85	987,333	997,917
1,000	BAC: Security Pacific		7/09/85	986,377	997,917
3,000	BAC: Security Pacific, LA		7/29/85	2,946,135	2,981,375



# SHORT TERM INVESTMENT POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
500	Bank of America - CP		7/02/85	495,833	499,690
2,500	Bank of America - CP		7/12/85	2,467,017	2,493,274
2,000	Bankers Trust - CP		7/18/85	1,970,850	1,992,083
2,000	Bankers Trust - CP		7/09/85	1,972,272	1,995,861
1,000	Bankers Trust - CP		7/26/85	993,538	994,412
2,500	Chase Manhattan - CP		7/16/85	2,466,958	2,491,205
2,000	Chemical - CP		7/18/85	1,968,366	1,992,136
2,000	General Motors Acceptance - CP		7/03/85	1,988,411	1,998,344
450	American Bank, Billings - CD	7.750	6/06/86	450,000	450,000
500	American Bank, Billings - CD	7.875	6/17/86	500,000	500,000
200	Bank of Columbia Falls - CD	10.125	10/29/85	200,000	200,000
500	Bank of Columbia Falls - CD	10.125	11/05/85	500,000	500,000
300	Bank of Columbia Falls - CD	9.875	11/13/85	300,000	300,000
200	Bank of Sheridan - CD	8.250	8/01/85	200,000	200,000
100	Empire Federal Savings, Livingston - CD	9.000	1/02/86	100,000	100,000
500	First Bank, Billings - CD	9.000	9/30/85	500,000	500,000
2,000	First Bank, Billings - CD	7.750	11/20/85	2,000,000	2,000,000
500	First Bank, Billings - CD	9.125	4/17/86	500,000	500,000
500	First Bank, Billings - CD	8.875	4/22/86	500,000	500,000
500	First Bank, Bozeman - CD	8.375	7/16/85	500,000	500,000
500	First Bank, Bozeman - CD	8.000	8/19/85	500,000	500,000
500	First Bank, Bozeman - CD	9.125	8/26/85	500,000	500,000
1,000	First Bank, Bozeman - CD	9.625	9/16/85	1,000,000	1,000,000
1,000	First Bank, Bozeman - CD	8.500	10/28/85	1,000,000	1,000,000
1,000	First Bank, Bozeman - CD	9.875	11/13/85	1,000,000	1,000,000

## SHORT TERM SECURITIES (Continued)

SHORT TERM INVESTMENT POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES (Continued)					
500	First Bank, Bozeman - CD	9.375	12/03/85	500,000	500,000
1,000	First Bank, Bozeman - CD	9.000	12/20/85	1,000,000	1,000,000
750	First Bank, Bozeman - CD	8.750	1/10/86	750,000	750,000
1,000	First Bank, Bozeman - CD	9.125	2/20/86	1,000,000	1,000,000
500	First Bank, Bozeman - CD	9.500	3/04/86	500,000	500,000
100	First Bank, Bozeman - CD	8.550	5/16/86	100,000	100,000
500	First Bank, Bozeman - CD	7.875	6/18/86	500,000	500,000
500	First Bank, Bozeman - CD	8.000	6/26/86	500,000	500,000
100	First Bank, Lincoln - CD	12.250	7/18/85	100,000	100,000
200	First Bank West, Billings - CD	8.375	7/22/85	200,000	200,000
600	First Bank West, Billings - CD	9.500	4/09/86	600,000	600,000
1,000	First Interstate, Kalispell - CD	12.250	7/02/85	1,000,000	1,000,000
500	First Interstate, Kalispell - CD	8.375	7/19/85	500,000	500,000
1,000	First Interstate, Kalispell - CD	9.500	3/07/86	1,000,000	1,000,000
200	First National Bank, Ekalaka - CD	8.625	10/28/85	200,000	200,000
1,500	First Security Bank, Bozeman - CD	11.375	10/01/85	1,500,000	1,500,000
1,000	First Security Bank, Bozeman - CD	7.875	6/13/86	1,000,000	1,000,000
300	First Security Bank, Glendive - CD	9.000	10/07/85	300,000	300,000
500	First Security Bank, Livingston - CD	9.000	12/20/85	500,000	500,000
400	First Security Bank, Livingston - CD	9.000	1/09/86	400,000	400,000
300	First Security Bank, Livingston - CD	8.875	1/31/86	300,000	300,000
300	First Security Bank, Livingston - CD	9.750	3/26/86	300,000	300,000
300	First Security Bank, Livingston - CD	9.500	4/11/86	300,000	300,000
700	First United Bank, Sidney - CD	10.250	11/14/85	700,000	700,000
200	Glacier National Bank, Columbia Falls - CD	8.375	7/12/85	200,000	200,000



# SHORT TERM INVESTMENT POOL

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES (Continued)					
500	Mountain Bank, Whitefish - CD	8.375	7/19/85	500,000	500,000
350	Mountain Bank, Whitefish - CD	8.375	7/31/85	350,000	350,000
500	Norwest Bank, Billings - CD	8.750	1/23/86	500,000	500,000
500	Security Bank, Three Forks - CD	12.000	9/06/85	500,000	500,000
200	Toole County State Bank, Shelby - CD	9.375	9/25/85	200,000	200,000
500	Valley Bank, Belgrade - CD	9.625	9/13/85	500,000	500,000
200	Valley Bank, Belgrade - CD	9.375	9/23/85	200,000	200,000
400	Village Bank, Great Falls - CD	8.125	8/12/85	400,000	400,000
200	Western Bank, Chinook - CD	8.750	1/15/86	200,000	200,000
400	Western Bank, Chinook - CD	8.750	1/22/86	400,000	400,000
300	Western National, Wolf Point - CD	7.500	9/24/85	300,000	300,000
115,690	TOTAL SHORT TERM SECURITIES			114,518,338	115,274,110

246,275	SHORT TERM INVESTMENT POOL TOTAL			241,405,560	245,169,148
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SHORT TERM INVESTMENT POOL II					
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
5,160	Repo: Citibank	7.400	7/01/85	5,160,000	5,160,000
5,160	TOTAL GOVERNMENT SECURITIES			5,160,000	5,160,000
SHORT TERM SECURITIES					
500	BAC: Bank of America, SF		7/01/85	497,567	499,899
600	BAC: Bankers Trust		7/08/85	596,561	599,017
500	BAC: Chase Manhattan Bank		7/15/85	496,814	498,458
500	BAC: Citibank		7/15/85	495,872	498,490
500	BAC: Morgan Guaranty Trust		7/03/85	497,060	499,696
1,000	BAC: Morgan Guaranty Trust		7/22/85	994,488	995,508
100	Bank of America - CP		7/18/85	99,363	99,630
100	GMAC - CP		7/09/85	99,347	99,816
100	SRAC - CP		7/11/85	99,445	99,774
3,900	TOTAL SHORT TERM SECURITIES			3,876,514	3,890,288
9,060	SHORT TERM INVESTMENT POOL II TOTAL			9,036,514	9,050,288

PAR VALUE (000)	SOCIAL SECURITY	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
		CORPORATES				
		UTILITIES				
500		General Tel KY	7.750	10/01/01	498,307	372,875
500		TOTAL CORPORATES			498,307	372,875
		GOVERNMENT SECURITIES				
9,000		Repo: Citibank	7.400	7/01/85	9,000,000	9,000,000
2,000		US Treasury Notes	9.750	4/30/87	1,993,709	2,035,000
150		American Commercial Lines USGG	8.500	7/15/01	150,000	124,939
11,150		TOTAL GOVERNMENT SECURITIES			11,143,709	11,159,940
11,650		SOCIAL SECURITY TOTAL			11,642,016	11,532,814

SUBSEQUENT INJURY					SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
PAR VALUE (000)									
CORPORATES									
INDUSTRIAL									
100	American Can					11.375	7/01/10	99,473	94,696
100	Armco Steel					8.500	9/01/01	99,806	62,041
100	FMC					9.500	1/15/00	85,699	89,225
100	Ingersoll Rand					8.050	3/01/04	63,763	76,688
375	Sears Roebuck Acceptance					8.375	12/31/86	374,906	371,250
100	Tenneco					15.000	6/01/06	92,083	116,704
100	Texasgulf					9.375	12/15/00	73,684	87,750
975	SUBTOTAL INDUSTRIAL							889,414	898,354
UTILITIES									
100	Duke Pwr					14.500	8/01/12	111,071	115,808
100	Idaho Pwr					9.000	8/15/08	99,036	80,543
6	Public Serv Elec & Gas					7.750	8/15/96	6,000	4,880
100	Washington Water Pwr					14.125	1/01/91	100,000	109,588
306	SUBTOTAL UTILITIES							316,106	310,819
OTHER									
200	Citicorp Notes					8.450	3/15/07	138,859	154,138
100	General Electric Credit					8.250	2/15/86	99,969	99,300
100	Norwest					7.875	9/15/86	99,985	98,768
150	US Bancorp					7.750	2/15/87	150,000	145,912
550	SUBTOTAL OTHER							488,812	498,118
1,831	TOTAL CORPORATES							1,694,333	1,707,291

SUBSEQUENT INJURY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	CANADIAN OBLIGATIONS				
200	BC Hydro	12.500	9/01/13	201,964	220,500
200	Canadian Nat'l Railway	9.700	7/15/04	169,011	180,876
400	TOTAL CANADIAN OBLIGATIONS			370,975	401,376
	GOVERNMENT SECURITIES				
150	US Treasury Notes	12.625	5/31/86	149,817	156,046
150	TOTAL GOVERNMENT SECURITIES			149,817	156,046
347	SHORT TERM INVESTMENT POOL			346,965	350,874
2,728	SUBSEQUENT INJURY TOTAL			2,562,090	2,615,588

TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
1,000	Amax	14.250	12/15/90	995,899	1,000,000
1,000	American Can	11.375	7/01/10	994,726	996,960
500	American Hospital Supply	7.875	8/15/07	498,893	372,045
900	Anaconda	6.625	11/15/93	741,153	708,606
3,500	Arkla	11.125	5/01/03	3,410,985	3,387,405
500	Armco Steel	9.200	7/15/00	366,865	338,295
300	Atlantic Richfield	8.625	4/01/00	300,000	247,539
2,775	Atlantic Richfield	7.750	12/15/03	1,742,157	2,051,252
299	Berkshire Hathaway PP	8.000	3/01/93	299,000	221,655
500	Bethlehem Steel	8.450	3/01/05	500,000	310,000
500	Burlington Industries	9.000	8/15/95	394,604	409,545
775	Cities Serv	6.625	8/01/99	724,680	513,267
500	Cities Serv Gas	13.000	9/15/05	500,000	509,435
104	Dayton Hudson	9.750	6/01/95	104,000	104,740
1,000	Dayton Hudson	12.000	4/15/15	983,839	1,037,180
100	Dow Chemical	8.875	5/01/00	70,537	83,707
350	Dow Chemical	7.400	7/15/02	231,240	252,074
2,000	Dow Chemical	11.250	7/15/10	1,913,634	1,919,500
3,800	Engelhard Minerals & Chemicals	11.750	8/01/05	3,382,549	3,843,092
1,000	Enserch	16.375	4/01/07	996,518	1,140,960
83	Food Maker PP	8.750	11/01/89	83,330	80,696
300	Ford Motor	9.150	8/01/04	238,516	258,129
176	General Mills	8.875	10/15/95	176,000	151,877
1,000	General Mills	9.375	3/01/09	708,543	863,690



## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
50	Gulf Oil	6.625	6/15/93	50,000	40,058
1,000	Harsco	12.250	5/01/10	1,004,522	1,052,260
416	Hooker Chemical PP	10.500	6/29/96	415,718	399,098
500	Inco Limited	12.375	7/15/10	496,659	468,225
200	Ingersoll Rand	8.050	3/01/04	127,526	153,376
500	Inland Steel	9.500	9/01/00	498,482	385,120
500	Inland Steel	7.900	1/15/07	500,000	309,600
100	International Harvester	6.250	3/01/98	100,000	55,000
1,000	International Minerals & Chemicals	11.875	5/01/05	964,765	1,020,820
300	Kerr McGee	7.000	11/01/11	177,174	183,750
500	Kraft	7.600	1/15/07	500,000	372,075
774	Lucky Stores PW Westville Holding PP	16.000	10/29/01	774,137	1,053,058
130	Lucky Stores PW Geneva Holding PP	16.000	10/29/01	130,009	176,870
96	Lucky Stores Bakery PP	16.000	12/10/01	96,285	130,726
250	Marathon Oil	8.500	2/01/00	249,694	186,040
2,000	May Dept Stores	11.875	4/15/15	1,971,774	2,036,500
500	J Ray McDermott	10.200	12/01/99	446,784	456,485
875	Mobil	8.500	6/15/01	671,364	709,275
1,500	Motorola	8.000	10/01/07	929,632	1,144,305
300	National Steel	8.375	8/01/06	300,000	194,736
100	Outboard Marine	7.750	2/01/96	99,788	74,172
559	Owens Illinois	7.625	4/01/01	423,973	413,380
105	Packaging Corp of America	4.375	10/01/87	105,000	93,979
250	JC Penney	9.000	6/15/99	250,000	215,508
2,000	JC Penney	12.000	7/15/10	1,861,028	2,064,580
3,000	JC Penney	12.375	11/01/14	3,008,203	3,168,750



## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
215	Research Properties PP	8.250	11/01/99	215,328	173,432
50	RJ Reynolds	7.875	9/01/94	49,954	42,638
1,000	St Regis Paper	10.625	6/15/10	967,712	913,400
200	Scott Paper	8.875	6/01/00	191,250	167,110
2,000	Scott Paper	11.250	6/15/15	1,963,763	1,940,000
1,000	Sears Roebuck	8.000	4/01/06	851,339	759,790
200	Shell Oil	7.250	2/15/02	126,745	145,052
500	Shell Oil	8.750	5/15/05	362,993	411,505
500	Shell Oil	8.000	4/15/07	353,659	378,355
1,715	Signal	11.750	7/15/05	1,666,270	1,734,620
100	Standard Brands	6.750	6/01/93	73,344	80,146
292	Std Oil of CA PP Vessel 1699 Otto N. Miller	7.500	1/01/99	292,023	221,806
400	Standard Oil of IN	6.000	1/15/98	276,150	274,948
504	Systems Building PP	8.000	7/01/97	504,342	414,686
1,500	Tenneco	12.125	5/01/05	1,291,931	1,536,510
1,000	Tenneco	15.000	6/01/06	1,030,611	1,167,040
1,500	Texas Oil & Gas	11.500	11/01/02	1,476,540	1,516,395
1,000	Union Carbide	8.500	1/15/05	630,162	744,010
250	Union Oil of CA	6.625	6/01/98	153,784	168,970
1,000	Union Oil of CA	8.625	3/01/06	994,830	771,330
425	Union Oil of CA PP	7.500	1/01/98	425,244	337,845
1,000	Witco Chemical	9.500	8/15/09	903,892	868,580
506	Youngstown Sheet & Tube PP	4.600	7/01/95	435,515	306,975
57,324	SUBTOTAL INDUSTRIAL			51,747,566	52,434,539

TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES					
500	Alabama Pwr	10.500	12/01/05	500,000	459,040
200	Baltimore Gas & Elec	7.250	4/15/01	147,919	143,750
594	Brooklyn Union Gas	4.375	5/28/88	559,788	522,078
3,000	Carolina Pwr & Lt	12.875	12/01/13	2,940,544	3,184,620
500	Central IL Lt	9.250	5/01/06	497,390	416,180
25	Central IL Pub Serv	4.750	1/01/89	23,791	21,347
100	Central IL Pub Serv	5.875	5/01/97	95,157	68,012
200	Central ME Pwr	7.700	7/01/97	200,000	149,538
1,000	Central Pwr & Lt	12.375	1/01/10	1,000,000	1,041,630
2,000	Central Pwr & Lt	12.125	3/01/13	1,981,514	2,043,700
500	Central Tel FL	7.650	2/01/97	500,000	386,815
100	Chesap & Potomac Tel MD	5.875	6/01/04	100,571	60,379
225	Chesap & Potomac Tel VA	5.250	5/01/05	226,261	125,100
200	Chesap & Potomac Tel WV	9.000	5/15/15	189,058	161,312
1,000	Cleveland Elec Illum	16.625	3/01/12	985,534	1,165,000
4,000	Cleveland Elec Illum	12.250	6/01/13	3,933,610	3,818,040
200	Columbia Gas System	10.250	5/01/99	165,016	186,070
1,000	Columbia Gas System	11.750	10/01/99	872,058	992,770
500	Columbia Gas System	12.750	8/01/00	498,108	511,670
300	Commonwealth Edison	5.250	4/01/96	166,807	195,285
1,000	Commonwealth Edison	16.750	5/15/11	1,162,307	1,182,500
336	Consolidated Natural Gas	6.125	7/01/92	257,584	266,213
1,000	Consolidated Natural Gas	12.875	10/01/00	1,000,000	1,042,230
1,000	Consolidated Natural Gas	11.125	4/01/08	997,901	965,670
1,000	Consumers Pwr PP	10.625	7/01/99	1,000,000	923,600
50	Delaware Pwr & Lt	4.625	10/01/94	50,273	35,180

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
150	Detroit Edison	6.000	12/01/96	150,000	100,756
50	Diamond State Tel	4.750	4/01/94	50,321	37,399
1,000	Duke Pwr	14.500	8/01/12	1,132,784	1,158,080
100	Duquesne Lt	5.125	2/01/96	100,389	63,875
100	El Paso Elec	4.625	2/01/92	92,170	75,698
1,000	El Paso Elec	16.350	5/01/91	1,000,000	1,171,240
957	El Paso Elec PP	9.950	5/01/04	957,000	836,858
455	Equitable Gas	8.000	6/15/97	455,000	370,534
1,000	Equitable Gas	12.125	4/01/08	931,226	1,006,510
1,360	Florida Pwr	8.000	12/01/03	977,620	1,019,211
1,000	General Tel CA	10.750	10/01/09	977,752	934,900
200	General Tel FL	7.500	8/01/02	198,904	144,524
1,000	General Tel KY PP	13.750	12/01/00	1,000,000	1,156,500
500	Georgia Pwr	7.875	6/01/03	345,939	360,640
100	Gulf Pwr	4.625	10/01/94	100,586	69,632
50	Hartford Elec Lt	4.250	4/01/93	49,903	32,147
665	Houston Lt & Pwr	8.125	2/01/04	469,265	494,128
500	Houston Lt & Pwr	11.250	12/01/09	424,281	479,930
1,000	Houston Lt & Pwr	12.000	6/01/10	978,195	1,007,720
65	Idaho Pwr	4.500	10/15/88	63,299	55,934
500	Idaho Pwr	9.000	8/15/08	497,591	402,715
50	Illinois Pwr	5.850	10/01/96	46,143	33,800
1,000	Illinois Pwr	12.000	11/15/12	981,314	1,007,740
1,000	Indianapolis Pwr & Lt	12.500	11/01/14	992,199	1,022,520
500	International Tel & Tel	12.625	2/01/05	465,618	531,125
500	Iowa Illinois Gas & Elec	8.750	4/01/06	499,135	399,105

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
1,000	Iowa Pub Serv	9.750	9/01/09	987,907	858,930
900	Kansas City Pwr & Lt	7.625	5/01/02	583,201	635,526
650	Kentucky Pwr	5.125	1/01/96	578,882	416,247
500	Long Island Lt	4.550	6/01/95	500,000	292,275
1,000	Massachusetts Elec	12.500	10/01/12	1,000,000	1,020,650
400	Minnesota Pwr & Lt	8.700	9/01/06	400,000	317,020
1,000	Minnesota Pwr & Lt	8.350	9/01/07	1,000,000	766,490
250	Monongahela Pwr	8.875	5/01/01	252,396	207,602
600	Montana Pwr	7.500	4/01/01	601,083	421,824
500	Montana Pwr	8.625	3/01/04	500,818	378,735
1,000	Montana Pwr	9.875	1/01/09	994,402	825,730
505	Mountain States Tel & Tel	7.875	11/15/16	372,871	361,499
2,000	Mountain States Tel & Tel	12.250	2/01/25	1,890,820	2,110,000
2,500	National Rural Util	14.750	2/01/11	2,483,949	2,825,000
500	National Rural Util	15.750	8/15/91	498,467	577,500
150	New England Tel & Tel	4.000	4/01/93	142,054	106,874
75	New England Tel & Tel	4.500	7/01/02	67,662	38,728
200	New York State Elec & Gas	6.250	9/01/97	194,370	134,818
400	Niagara Mohawk Pwr	8.250	12/01/03	282,039	300,092
1,000	Niagara Mohawk Pwr	12.500	6/15/13	1,000,000	1,029,240
250	Northern States Pwr	4.375	9/01/93	249,915	176,072
350	Northwestern Bell Tel	7.500	4/01/05	226,464	248,766
150	Ohio Bell Tel	5.000	2/01/06	150,760	79,812
350	Ohio Edison	9.500	5/15/08	347,997	294,976
960	Otter Tail Pwr PP	13.375	11/01/05	960,000	1,095,830
500	Otter Tail Pwr	9.625	11/01/08	500,000	421,480

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
190	Pacific Gas & Elec	8.000	6/01/03	120,644	141,645
1,000	Pacific Gas & Elec	7.750	6/01/05	674,531	720,860
500	Pacific Gas & Elec	10.125	8/01/12	498,978	443,000
200	Pacific Tel & Tel	4.625	5/01/00	194,993	109,142
25	Pacific Tel & Tel	6.500	7/01/03	15,808	15,982
500	Pacific Tel & Tel	9.875	2/15/16	500,000	437,100
100	Pennsylvania Elec	4.625	10/01/94	100,548	62,066
500	Pennsylvania Pwr & Lt	7.500	1/01/03	498,904	347,805
300	Peoples Gas	6.250	8/15/92	248,439	238,188
100	Philadelphia Elec	7.750	12/15/00	72,302	72,050
50	Potomac Elec Pwr	4.625	12/01/93	50,480	35,515
500	Potomac Elec Pwr	4.500	5/15/99	385,611	288,445
50	Public Serv CO	4.500	10/01/91	50,214	38,352
500	Public Serv CO	9.250	10/01/08	500,000	412,600
1,000	Public Serv IN	14.750	2/01/11	967,984	1,065,000
984	Public Serv IN	15.750	12/01/11	948,970	1,084,516
200	Public Serv NH	7.625	6/15/02	200,000	101,500
50	Public Serv Elec & Gas	4.375	11/01/86	49,791	46,836
10	Public Serv Elec & Gas	4.625	8/01/88	9,903	8,841
295	Public Serv Elec & Gas	7.750	8/15/96	295,000	239,924
400	Public Serv Elec & Gas	7.500	4/01/02	400,000	289,028
550	Public Serv Elec & Gas	8.750	4/01/06	407,120	440,214
50	Puget Sound Pwr & Lt	4.625	11/01/93	50,052	32,169
100	Rochester Gas & Elec	4.500	11/15/91	100,435	75,779
100	San Diego Gas & Elec	5.500	9/01/94	93,408	70,761
500	South Carolina Elec & Gas	10.125	4/01/09	496,031	440,065



# TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
850	South Central Bell Tel	8.250	12/01/04	622,476	658,402
25	Southern Bell Tel & Tel	4.375	3/01/98	22,958	14,128
1,000	Southern Bell Tel & Tel	16.000	11/01/21	1,163,697	1,177,500
250	Southern CA Edison	6.125	8/15/91	196,808	204,358
250	Southern New England Tel	8.125	5/01/08	247,683	187,805
1,000	Southern Union	12.875	9/15/05	1,010,035	1,049,420
100	Southwestern Bell Tel	6.750	6/01/08	58,981	62,962
1,000	Southwestern Bell Tel	11.375	1/15/20	828,742	980,860
2,000	Southwestern Bell Tel	12.750	2/15/25	1,977,688	2,140,000
500	Southwestern Pub Serv	8.750	3/01/08	500,000	396,935
250	Tucson Gas & Elec PP	4.550	2/01/95	250,000	160,852
300	Union Elec	4.500	11/01/93	300,628	212,478
117	United Tel IN PP	9.125	4/01/00	117,000	99,259
20	United Tel MO PP	7.875	6/01/03	20,000	14,484
410	United Tel Northwest PP	10.750	9/01/99	410,000	387,245
119	United Tel PA PP	9.750	6/01/00	119,000	103,905
600	Utah Pwr & Lt	7.500	5/01/02	600,000	429,546
500	Utah Pwr & Lt	10.250	11/01/05	501,698	446,110
1,200	Utah Pwr & Lt	9.125	5/01/08	1,200,000	972,588
2,000	Utah Pwr & Lt	16.375	12/01/11	1,962,468	2,270,000
2,000	Utah Pwr & Lt	13.000	12/01/12	2,000,000	2,150,840
150	Virginia Elec Pwr	4.500	5/01/95	149,691	96,947
400	Washington Water Pwr	4.625	9/01/94	400,000	278,456
300	West PA Pwr	4.875	12/01/95	192,877	195,609

TEACHERS RETIREMENT					
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
200	Wisconsin Michigan Pwr	5.875	8/01/96	187,085	139,514
250	Wisconsin Natural Gas	4.875	10/01/90	238,584	201,098
100	Wisconsin Natural Gas	8.750	9/15/94	100,594	90,710
25	Wisconsin Tel	4.875	5/01/95	23,819	18,401
77,692	SUBTOTAL UTILITIES			74,086,541	72,380,462
OTHER					
2,000	American Express Credit	11.250	7/01/00	1,789,108	1,985,680
1,250	American General Insurance	9.375	12/15/08	1,160,259	1,039,975
240	American Rail Box Car PP	9.125	11/01/90	240,494	237,420
300	Associates Investment	7.375	12/01/88	299,598	278,484
500	Bankers Trust	8.625	11/01/02	499,132	405,155
500	Beneficial	8.300	6/01/03	500,000	384,140
500	Beneficial	8.350	2/15/88	500,000	485,115
50	Beneficial Finance	5.000	11/01/90	45,754	39,926
250	Burlington Northern	8.600	1/15/99	236,444	215,000
60	Burlington Northern PP	9.625	10/01/87	60,000	60,276
100	Burlington Northern PP	7.750	1/15/86	100,304	99,152
150	CIT Financial	6.375	10/01/86	148,833	145,730
150	CIT Financial	4.625	5/01/89	138,010	127,326
250	CNA Financial	8.500	12/15/95	249,476	220,082
307	California & Hawaiian Sugar Islander PP	8.250	8/24/93	306,905	270,016
423	Channelview Leasing PP	9.250	7/15/96	422,730	388,872
900	Chemical	8.250	8/01/02	896,735	699,606
100	Chrysler Financial	7.700	3/01/92	99,413	90,590
1,000	CIT Financial Notes PP	14.700	9/01/89	1,004,949	1,166,730



## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
OTHER (Continued)					
1,700	Citicorp Notes	8.450	3/15/07	1,221,955	1,310,173
300	Clark Equipment Credit	7.850	12/15/91	300,000	274,188
2,000	Cortez Capital PP	12.625	5/15/03	2,000,000	2,201,000
2,800	Crocker National	8.600	12/01/02	2,202,020	2,365,916
1,800	Exxon Pipeline	9.000	10/15/04	1,353,276	1,551,780
500	Exxon Pipeline	8.875	10/15/00	400,180	431,895
2,000	First Interstate Bancorp	12.250	5/15/10	1,837,341	2,071,240
977	First Interstate Banks PP Tri-City Prop Inv	13.500	3/01/99	977,108	1,124,478
436	First Security PP	8.500	10/01/97	436,000	364,740
112	Fruit Growers Express PP	9.250	5/15/89	112,000	111,264
27	GSCX First Equipment PP	9.750	6/15/86	27,260	27,070
750	General American Transportation Equip Trust	8.150	6/01/97	685,069	597,188
500	General American Transportation Equip Trust	9.000	11/15/98	427,227	423,010
180	General Motors Acceptance	8.200	2/15/88	160,649	175,034
300	Heller Walter E	9.500	12/01/89	300,000	295,752
2,500	Household Finance	9.625	6/15/04	2,255,815	2,192,725
200	International Harvester Credit	8.625	8/01/91	200,000	164,000
900	International Harvester Credit	7.500	1/15/94	898,168	636,750
1,000	Irving Bank	12.375	11/15/07	980,577	1,024,680
100	Lakehead Pipeline	7.125	4/15/93	95,223	84,094
594	Missouri Pacific RR PP	9.750	6/01/94	593,679	570,151
191	Plantation Pipeline PP	4.500	2/01/94	170,895	124,713
175	Plantation Pipeline PP	7.000	2/01/99	175,000	121,026
200	Pullman Transport Leasing	7.750	6/15/92	200,000	177,750
500	Safeco	7.600	12/15/86	500,000	487,575
25	St Louis San Francisco RY Trust PP	9.750	7/01/85	24,819	25,000

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUF.	MARKET VALUF.
OTHER (Continued)					
350	St Louis Southwestern RY PP	9.000	8/01/91	350,000	327,498
15	Seaboard Coastline RY Equip PP	10.500	12/01/85	15,020	15,059
2,400	Sohio BP Trans Alaska Pipeline	9.750	12/01/99	2,132,419	2,161,248
250	Sohio Pipeline	8.750	5/01/01	192,246	203,408
400	Southern RR	7.375	11/15/91	395,103	343,712
17	Trailer Train PP	10.500	7/15/85	16,667	17,003
222	Trailer Train PP	8.750	4/01/89	222,222	216,179
1,000	Transamerica	11.875	6/01/05	957,967	1,009,330
500	Transamerica Financial	9.875	3/01/99	393,268	460,535
500	Union Pacific RR	7.700	1/01/91	500,000	443,540
39	Union Tank Car	9.300	11/15/89	39,000	37,684
500	US National Bank of Oregon Notes	7.750	1/15/02	352,392	379,705
35,990	SUBTOTAL OTHER			32,798,709	32,887,370
171,006	TOTAL CORPORATES			158,632,815	157,702,371
CANADIAN OBLIGATIONS					
1,000	Bell Canada	9.000	1/15/08	1,000,000	816,850
800	Bell Canada	13.375	10/15/10	763,530	914,984
500	Bell Canada PP	9.500	6/01/04	500,000	431,755
1,000	BC Hydro	8.375	6/15/07	1,000,000	774,010
1,000	BC Hydro	15.500	7/15/11	993,946	1,290,000
500	BC Hydro	15.500	11/15/11	495,832	645,000
4,000	BC Hydro	12.500	9/01/13	3,985,865	4,410,000
780	BC Hydro	9.625	7/15/96	780,000	721,633

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CANADIAN OBLIGATIONS (Continued)					
2,750	Canadian Nat'l Railway	9.700	7/15/04	2,156,003	2,487,045
1,000	Canadian Nat'l Railway	15.000	6/01/06	955,859	1,210,000
1,000	Canadian Nat'l Railway	14.750	9/01/12	1,000,000	1,215,000
540	Canadian Nat'l Railway PP	8.500	7/15/89	540,284	521,311
357	Canadian Nat'l Railway PP	9.000	7/01/91	356,980	331,357
869	Canadian Nat'l Railway PP	9.250	3/15/98	869,000	785,063
200	Canadian Pacific Equip Trust PP	10.125	7/02/90	200,000	204,490
1,500	Gulf Canada	15.500	7/01/11	1,434,931	1,758,750
1,000	Hydro Quebec	8.600	9/15/06	603,845	793,900
1,000	Hydro Quebec	13.250	12/15/13	1,000,000	1,194,720
1,000	Imperial Oil	9.750	9/15/09	916,202	894,540
500	Manitoba Hydro Elec Board	9.375	12/01/04	487,854	428,255
980	Municipal Finance BC	8.875	5/01/01	980,000	825,140
600	Municipal Finance BC	13.750	12/01/05	598,162	672,000
500	New Brunswick Elec Pwr	9.375	5/01/01	500,000	432,885
500	Nova Scotia Pwr	10.500	9/15/00	500,000	471,075
725	Ontario Hydro PP	9.500	3/15/96	725,000	672,264
500	Quebec Hydro Elec	8.250	1/01/04	498,443	387,400
25,101	TOTAL CANADIAN OBLIGATIONS			23,841,738	25,289,426
CONVERTIBLE					
500	Coopervision CV Sub Debts	8.625	3/01/05	500,000	551,250
500	Fleet Financial Group CV	8.500	4/01/10	500,000	605,175

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CONVERTIBLE (Continued)					
120	Pittston CV	9.200	7/01/04	161,739	93,600
250	Rykoff-Sexton CV Sub Deb	9.200	2/01/05	250,000	288,750
1,370	TOTAL CONVERTIBLE			1,411,739	1,538,775
GOVERNMENT SECURITIES					
2,390	US Treasury Bills		12/26/85	2,197,966	2,297,313
1,085	US Treasury Bills		12/26/85	997,865	1,043,074
600	Repo: Citibank	7.400	7/01/85	600,000	600,000
2,000	US Treasury Notes	10.750	7/15/90	1,930,282	2,075,000
2,000	US Treasury Notes	11.750	11/15/93	1,920,612	2,160,000
2,000	US Treasury Notes	11.375	2/15/89	1,994,078	2,109,380
4,600	US Treasury Notes	11.250	12/31/87	4,575,971	4,827,148
2,000	US Treasury Notes	11.750	1/15/91	2,012,024	2,150,620
1,000	US Treasury Notes	11.750	5/15/89	996,855	1,067,500
6,000	US Treasury Notes	12.375	4/15/91	5,977,452	6,577,500
5,000	US Treasury Notes	13.125	5/15/94	4,913,048	5,760,950
2,700	US Treasury Notes	13.750	7/15/91	2,704,787	3,118,500
3,000	US Treasury Notes	12.750	11/15/89	2,995,257	3,306,570
2,000	US Treasury Notes	11.875	9/30/86	1,996,286	2,084,380
250	US Treasury Notes	11.625	11/15/94	244,765	269,062
2,000	US Treasury Notes	11.250	2/15/95	1,991,576	2,113,760
2,500	US Treasury Notes	11.375	5/15/90	2,491,937	2,648,450

## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
100	Davern Park Apts	5.150	4/01/05	101,086	54,731
153	Martin Luther Tower FHA Mortgage	5.150	5/01/06	145,681	82,661
108	Two Buttes Water FHA Mortgage	8.750	3/12/10	108,229	89,787
800	Federal Farm Credit Banks	9.900	1/20/87	787,417	885,248
271	Federal Home Loan Mortgage	8.200	9/15/07	269,492	213,865
1,000	FNMA	8.550	9/12/88	998,125	980,630
2,990	Fourth Tug Barge USGG	11.800	12/31/08	2,990,000	3,270,851
796	GNMA Pool 27854	9.000	11/15/08	648,140	704,707
467	GNMA Pool 31195	9.000	3/15/09	380,109	413,440
437	GNMA Pool 36086	10.000	11/15/09	399,483	412,008
972	GNMA Pool 65111	11.500	5/15/13	935,951	980,204
954	GNMA Pool 66624	11.500	5/15/13	918,155	962,052
1,009	GNMA Pool 101713	10.000	11/15/13	876,819	951,295
1,015	GNMA Pool 104906	10.000	9/15/13	881,697	956,952
100	Gateway Manor	5.000	2/01/04	100,000	54,393
321	Gulf Reston Properties PP	7.950	12/20/93	320,562	278,204
936	Houtech LTD I MM USGG PP	12.750	8/01/00	936,000	1,074,425
1,000	Patriot 5 Shipping Ser A USGG	8.100	4/12/04	1,000,000	791,050
1,000	Patriot 5 Shipping Ser B USGG	8.000	4/12/04	754,299	783,020
3,675	LNG Aries USGG	8.200	12/13/02	2,903,044	2,955,251
1,340	LNG Capricorn USGG	8.950	6/22/03	1,076,445	1,154,423
91	Walnut Creek Manor	5.150	10/01/04	91,000	50,127
60,660	TOTAL GOVERNMENT SECURITIES			58,162,497	62,308,532



## TEACHERS RETIREMENT

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
COMMON STOCK					
2	Development Corp of Montana			162,000	162,000
1	Triton Group LTD				935
3	TOTAL COMMON STOCK			162,000	162,935
SHORT TERM SECURITIES					
1,000	Bank of America - CP		8/01/85	991,857	998,213
2,900	BAC: Citibank		7/09/85	2,882,830	2,889,158
1,050	BAC: Citibank		7/01/85	1,045,678	1,045,894
2,000	BAC: Citibank		7/22/85	1,986,983	1,995,661
2,000	GMAC - CP		7/10/85	1,987,917	1,992,083
8,950	TOTAL SHORT TERM SECURITIES			8,895,264	8,921,009
OTHER					
35	Land		6/30/86	35,376	35,376
101	Teachers Retirement Building		6/30/86	101,386	101,386
1,260	SRS Bldg (Lease-Purchase) Municipal Bond	9.000	11/01/96	1,260,486	1,260,486
1,396	TOTAL OTHER			1,397,248	1,397,248

TEACHERS RETIREMENT

PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
49,239	MONTANA COMMON STOCK POOL			48,750,694	77,209,706
58,413	MORTGAGES			58,413,276	58,413,276
376,138	TEACHERS RETIREMENT TOTAL			359,667,271	392,943,278



TREASURER, STATE OF MONTANA

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
4,000	US Treasury Bills		1/23/86	3,671,492	3,869,027
9,540	Repo: Citibank	7.400	7/01/85	9,540,000	9,540,000
6,000	Repo: First Bank Helena		6/30/86	6,000,000	6,000,000
500	US Treasury Notes	8.000	8/15/86	500,000	500,940
8,300	US Treasury Notes	10.625	7/31/85	8,299,538	8,320,750
5,000	Federal Farm Credit Banks	10.000	12/01/86	4,985,743	5,545,300
1,860	FNMA	13.000	1/10/86	1,858,045	1,909,997
35,200	TOTAL GOVERNMENT SECURITIES			34,854,819	35,686,014
SHORT TERM SECURITIES					
2,500	BAC: Bank of America, SF		7/01/85	2,487,833	2,488,340
4,000	BAC: Bank of America, SF		7/26/85	3,963,724	3,985,160
2,000	BAC: Bank of America, SF		8/01/85	1,979,801	1,992,992
2,000	BAC: Bank of America, SF		8/26/85	1,974,511	1,997,944
2,000	BAC: Bankers Trust		7/12/85	1,978,189	1,995,806
2,000	BAC: Chase Manhattan Bank		7/02/85	1,988,029	1,988,855
2,000	BAC: Chase Manhattan Bank		7/03/85	1,988,191	1,989,412
1,900	BAC: Chase Manhattan Bank		7/22/85	1,883,663	1,899,221
1,500	BAC: Chase Manhattan Bank		7/15/85	1,490,442	1,495,067
5,000	BAC: Chemical Bank		7/18/85	4,961,103	4,979,528
1,000	BAC: Chemical Bank, Miami		7/17/85	992,757	996,275
1,000	BAC: Citibank		7/11/85	983,474	985,964
2,000	BAC: Citibank		7/17/85	1,976,155	1,995,817

TREASURER, STATE OF MONTANA

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES (Continued)					
5,000	BAC: Citibank		7/02/85	4,965,854	4,967,924
3,000	BAC: Citibank		7/02/85	2,982,020	2,983,260
5,000	BAC: Citibank		7/15/85	4,960,675	4,975,800
800	BAC: Citibank		7/09/85	795,263	796,733
5,000	BAC: Citibank		8/19/85	4,931,418	4,982,599
3,000	BAC: Citibank		8/13/85	2,963,250	2,990,200
5,000	BAC: Citibank		8/01/85	4,958,875	4,990,208
2,000	BAC: Citibank		8/15/85	1,979,090	1,999,918
3,000	BAC: Republic National Bank, Dallas		7/16/85	2,977,950	2,987,750
3,000	BAC: Irving Trust		7/15/85	2,976,438	2,985,500
2,000	BAC: MHT		7/19/85	1,975,253	1,995,806
1,000	BAC: MHT		7/01/85	993,378	993,585
3,500	BAC: MHT		7/01/85	3,481,547	3,482,257
1,000	BAC: MHT		7/22/85	990,736	995,167
2,000	BAC: MHT		7/17/85	1,989,395	1,996,072
1,000	BAC: MHT		8/07/85	990,731	998,225
1,000	BAC: MHT		8/08/85	990,956	999,959
3,000	BAC: Mellon National Bank, Pittsburgh		7/02/85	2,983,083	2,984,292
2,000	BAC: Mellon National Bank, Pittsburgh		7/02/85	1,989,005	1,995,261
1,000	BAC: Morgan Guaranty Trust		7/03/85	994,119	994,728
1,500	BAC: Morgan Guaranty Trust		7/03/85	1,491,179	1,492,092
1,000	BAC: Security National Bank, LA		7/12/85	989,094	991,611
3,000	BAC: Security National Bank, LA		7/01/85	2,982,733	2,980,703
3,000	BAC: Security National Bank, Seattle		7/03/85	2,978,835	2,983,350
2,500	Bank of America - CP		7/22/85	2,478,562	2,489,792

PAR VALUE (000)	TREASURER, STATE OF MONTANA  SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	SHORT TERM SECURITIES (Continued)				
1,900	Bank of America - CP		7/18/85	1,887,893	1,894,923
2,500	Chase Manhattan - CP		7/31/85	2,480,222	2,495,550
2,000	Morgan Guaranty Trust - CP		7/30/85	1,985,611	1,997,944
98,600	TOTAL SHORT TERM SECURITIES			97,791,038	98,211,590
122,562	SHORT TERM INVESTMENT POOL			122,561,877	118,978,343
256,362	TREASURER, STATE OF MONTANA TOTAL			255,207,734	252,875,947

# TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
573	Aluminum Co of America PP	4.375	3/31/88	542,753	502,790
500	American Can	11.375	7/01/10	497,363	473,480
1,000	American Standard	12.375	8/01/10	993,158	1,045,720
255	Anaconda	6.625	11/15/93	185,228	200,772
2,000	Archer Daniels Midland	13.000	8/01/14	2,002,434	2,177,900
1,900	Arkla	11.125	5/01/03	1,867,955	1,838,877
500	Atlantic Richfield	13.625	3/15/11	496,786	564,085
500	Bethlehem Steel	8.375	3/01/01	315,860	310,000
500	Burlington Industries	9.000	8/15/95	394,604	409,545
470	Carnation PP	4.500	2/01/90	437,281	370,774
258	Carnation PP	5.000	4/01/91	239,428	198,748
1,000	Cities Serv	13.875	1/15/11	1,000,000	1,090,000
285	Continental Oil PP	5.875	12/01/89	270,932	249,307
500	Diamond Shamrock	8.500	4/01/08	492,888	371,840
500	Dow Chemical	11.250	7/15/10	478,409	479,875
1,400	Engelhard Minerals & Chemicals	11.750	8/01/05	1,351,168	1,415,876
1,000	Enserch	16.375	4/01/07	996,518	1,140,960
400	FMC	9.500	1/15/00	397,669	356,900
600	Ford Motor	9.150	8/01/04	477,031	516,258
250	Honeywell	9.375	6/15/09	174,943	213,135
800	Honeywell	14.125	2/01/11	737,468	905,912
500	Inco Limited	12.375	7/15/10	500,000	468,225
500	Ingersoll Rand	8.050	3/01/04	318,816	383,440
400	Inland Steel	7.900	1/15/07	400,000	247,680

TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
1,000	International Minerals & Chemicals	11.875	5/01/05	964,765	1,020,820
2,000	International Paper	8.850	3/15/95	1,648,575	1,801,460
250	Kerr McGee	8.500	6/01/06	248,691	193,418
774	Lucky Stores PW Westville Holding PP	16.000	10/29/01	774,137	1,053,058
130	Lucky Stores PW Geneva Holding PP	16.000	10/29/01	130,009	176,870
96	Lucky Stores Bakery PP	16.000	12/10/01	96,285	130,726
3,000	May Dept Stores	11.875	4/15/15	2,940,695	3,054,750
1,000	K Mart	15.750	12/01/06	1,000,000	1,371,900
4,500	Motorola	8.000	10/01/07	2,809,621	3,432,915
460	Owens Illinois PP	5.000	2/01/91	427,541	352,576
1,000	JC Penney	12.000	7/15/10	930,514	1,032,290
1,000	JC Penney	12.375	11/01/14	1,000,000	1,056,250
500	Pfizer	8.500	4/15/99	350,101	414,675
500	Pfizer	8.875	8/15/85	500,000	499,510
719	Philip Morris PP	5.150	11/01/89	674,215	608,900
38	Reproco (Phillips Petroleum) PP	7.000	1/01/95	35,171	29,835
800	RJ Reynolds	13.350	10/01/12	800,000	886,000
1,000	St Regis Paper	10.625	6/15/10	967,712	913,400
500	Scott Paper	8.750	1/15/00	500,000	414,975
1,250	Shell Oil	8.750	5/15/05	907,482	1,028,762
1,300	Shell Oil	8.000	4/15/07	876,228	983,723
825	Shell Oil PP	5.000	3/15/91	755,881	634,252
467	Shell Oil PP	4.500	4/15/90	433,614	380,255
31	Stafac PP	4.625	4/01/89	28,403	26,403
22	Stafac PP	4.500	9/01/88	20,315	19,099
45	Stafac PP	4.625	3/01/90	41,105	37,019



# TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	INDUSTRIAL (Continued)				
634	Statewide Stations	5.375	3/15/96	570,943	423,233
500	Studebaker Worthington	9.350	11/15/03	500,000	396,320
3,500	Tenneco	12.125	5/01/05	3,017,041	3,585,190
1,000	Tenneco	14.500	4/01/06	987,540	1,134,230
1,326	Texaco PP	4.500	12/15/89	1,221,044	1,093,247
154	Triangle Facilities PP	4.750	12/01/87	148,711	138,800
500	Union Carbide	8.500	1/15/05	315,081	372,005
500	Union Carbide	9.350	8/15/09	363,600	397,690
1,000	Union Oil of CA	8.625	3/01/06	994,829	771,330
1,000	US Gypsum	7.875	1/01/04	948,487	755,550
250	Witco Chemical	9.500	8/15/09	203,367	217,145
163	Xerox PP	5.875	4/01/91	152,282	136,980
50,325	SUBTOTAL INDUSTRIAL			44,852,678	46,907,660

# UTILITIES

1,000	Arizona Pub Serv	12.750	7/01/13	980,655	1,039,320
500	Baltimore Gas & Elec	6.125	8/01/97	325,542	346,585
3,000	Carolina Pwr & Lt	12.875	12/01/13	2,909,523	3,184,620
1,000	Central Pwr & Lt	15.875	4/01/12	1,000,000	1,185,000
500	Cincinnati Gas & Elec	5.875	7/01/97	423,180	327,840
2,000	Cleveland Elec Illum	12.250	6/01/13	1,961,526	1,909,020
1,000	Columbia Gas System	12.750	8/01/00	997,292	1,023,340
1,000	Columbia Gas System	15.375	6/01/97	996,027	1,109,320
1,000	Commonwealth Edison	5.250	4/01/96	586,756	650,950
1,000	Commonwealth Edison	16.750	5/15/11	1,162,307	1,182,500
2,000	Consolidated Natural Gas	11.125	4/01/08	1,995,803	1,931,340

TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
500	Consumers Pwr PP	10.625	7/01/99	500,000	461,800
500	Dallas Pwr & Lt	12.250	2/01/13	500,000	502,575
2,000	Duke Pwr	14.500	8/01/12	2,221,412	2,316,160
500	Duquesne Lt	10.125	2/01/09	495,564	428,470
958	El Paso Elec PP	9.950	5/01/04	958,000	837,733
1,000	Equitable Gas	12.125	4/01/08	931,226	1,006,510
800	Florida Pwr	9.000	11/01/00	769,183	662,200
2,000	General Tel CA	10.750	10/01/09	1,961,572	1,869,800
1,000	General Tel KY PP	13.750	12/01/00	1,000,000	1,156,500
500	Gulf Pwr	15.000	2/01/10	486,755	590,780
750	Gulf States Util	6.625	2/01/98	639,133	516,765
300	Hartford Elec Lt	5.625	4/01/97	266,922	193,584
500	Hawaiian Tel	8.500	4/01/06	496,538	388,550
2,000	Houston Lt & Pwr	7.500	12/01/01	1,348,122	1,434,660
500	Houston Lt & Pwr	8.125	2/01/04	316,806	371,525
1,000	Houston Lt & Pwr	8.750	3/01/05	752,195	787,080
2,225	Houston Lt & Pwr	8.375	10/01/07	1,590,835	1,669,907
300	Idaho Pwr	9.000	8/15/08	297,108	241,629
1,000	Indianapolis Pwr & Lt	12.500	11/01/14	992,199	1,022,520
1,000	International Tel & Tel	12.625	2/01/05	931,237	1,062,250
200	Monongahela Pwr	5.500	3/01/96	173,553	135,970
500	Montana Pwr	9.875	1/01/09	497,201	412,865
500	Mountain States Tel & Tel	8.625	4/01/18	495,905	389,865
3,000	National Rural Util	14.750	2/01/11	2,983,949	3,390,000
1,000	National Rural Util	15.750	8/15/91	996,935	1,155,000
200	New York State Elec & Gas	5.625	1/01/97	177,391	129,848



# TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
700	Niagara Mohawk Pwr	8.250	12/01/03	493,569	525,161
500	Northern States Pwr	9.500	5/01/05	498,343	436,240
300	Northwestern Bell Tel	7.500	4/01/05	194,112	213,228
500	Otter Tail Pwr	9.625	11/01/08	500,000	421,480
600	Pacific Gas & Elec	7.750	12/01/05	403,012	431,388
500	Pacific Gas & Elec	12.750	2/01/13	500,000	529,855
300	Pacific Gas & Elec	16.250	2/01/14	294,436	363,000
1,000	Pacific Gas & Elec	13.375	8/01/15	991,623	1,097,630
1,000	Pacific Tel & Tel	6.500	7/01/03	632,339	639,300
500	Pacific Tel & Tel	9.875	2/15/16	500,000	437,100
1,000	Pacific Tel & Tel	9.750	7/01/19	1,000,000	862,310
300	Peoples Gas	6.250	8/15/92	212,918	238,188
990	Public Serv CO	16.250	12/01/11	983,456	1,229,996
500	Public Serv IN	8.125	10/01/07	491,642	330,050
1,000	Rochester Tel	7.625	3/01/01	630,099	741,110
2,000	Southern Bell Tel & Tel	16.000	11/01/21	2,327,394	2,355,000
1,750	Southern CA Edison	8.250	2/01/99	1,299,484	1,403,850
500	Southern CA Gas	17.375	9/15/01	499,493	660,395
400	Southern New England Tel	7.750	6/01/04	297,497	294,852
500	Southern Union	12.875	9/15/05	505,017	524,710
1,000	Southwestern Bell Tel	12.750	2/15/25	988,844	1,070,000
1,960	Southwest Elec Pwr	15.500	5/01/12	1,951,215	2,355,665
500	Texas Elec Serv	9.500	2/01/09	497,241	420,905
300	Utah Pwr & Lt	8.375	9/01/06	297,550	229,227
1,000	Utah Pwr & Lt	9.125	5/01/08	1,000,000	810,490

TRUST & LEGACY								
PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE			
UTILITIES (Continued)								
1,000	Utah Pwr & Lt	16.375	12/01/11	1,000,000	1,135,000			
59,333	SUBTOTAL UTILITIES			55,106,635	56,780,511			
OTHER								
1,500	American Express Credit	11.250	7/01/00	1,345,786	1,489,260			
1,250	American General Insurance	9.375	12/15/08	1,160,259	1,039,975			
500	Bankers Trust	8.625	11/01/02	499,132	405,155			
500	Beneficial	8.350	2/15/88	500,000	485,115			
500	Chemical	8.250	8/01/02	498,186	388,670			
1,500	Citicorp Notes	8.450	3/15/07	1,064,116	1,156,035			
782	Colonial Pipeline PP	4.736	6/01/90	731,113	640,036			
225	Continental Pipeline PP	7.500	5/01/94	218,628	186,127			
500	Exxon Pipeline	8.875	10/15/00	370,431	431,895			
1,000	First Interstate Bancorp	12.250	5/15/10	993,359	1,035,620			
500	Ford Motor Credit	8.700	4/01/99	490,779	414,680			
1,000	General Elec Credit PP	4.650	5/15/86	981,693	958,250			
500	General Motors Acceptance	8.200	2/15/88	500,000	486,205			
500	Household Finance	9.625	6/15/04	451,163	438,545			
1,000	Irving Bank	12.375	11/15/07	980,577	1,024,680			
594	Missouri Pacific RR PP	9.750	6/01/94	593,679	570,151			
500	Norwest	7.875	9/15/86	499,924	493,840			
500	Panhandle Eastern Pipeline	15.125	4/01/95	496,749	560,000			
750	Pullman Transport Leasing	9.625	8/01/99	642,266	687,420			
500	Sohio Pipeline	8.750	5/01/01	325,609	406,815			
222	Trailer Train PP	8.750	4/01/89	222,222	216,179			
500	Transamerica Financial	9.875	3/01/99	393,268	460,535			

TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	OTHER (Continued)				
987	Union Tank Car	14.000	1/15/01	987,000	1,188,239
500	US Bancorp	7.750	2/15/87	500,000	486,375
16,810	SUBTOTAL OTHER			15,445,941	15,649,802
126,468	TOTAL CORPORATES			115,405,254	119,337,972
	CANADIAN OBLIGATIONS				
500	Bell Canada	8.750	4/01/06	331,459	401,865
300	BC Hydro	5.625	7/02/91	275,922	237,138
500	BC Hydro	8.375	6/15/07	500,000	387,005
1,000	BC Hydro	12.500	1/15/14	992,574	1,102,500
780	BC Hydro PP	9.625	7/15/96	780,000	721,633
1,000	Canadian Nat'l Railway	9.700	7/15/04	840,806	904,380
2,000	Canadian Nat'l Railway	14.000	1/15/06	1,789,370	2,300,000
869	Canadian Nat'l Railway PP	9.250	3/15/98	869,000	785,063
1,000	Hydro Quebec	13.250	12/15/13	1,000,000	1,194,720
1,500	Imperial Oil	9.750	9/15/09	1,316,986	1,341,810
1,970	Municipal Finance BC	13.750	12/01/05	1,963,966	2,206,400
500	New Brunswick Elec Pwr	10.500	10/01/95	498,078	496,750
725	Ontario Hydro PP	9.500	3/15/96	725,000	672,264
500	Quebec Hydro Elec	9.750	8/01/05	444,268	444,215
13,144	TOTAL CANADIAN OBLIGATIONS			12,327,429	13,195,742

TRUST & LEGACY

PAR VALUE  
(000)

SECURITY

INTEREST  
RATE

MATURITY  
DATE

BOOK  
VALUE

MARKET  
VALUE

GOVERNMENT SECURITIES

1,000	US Treasury Notes	10.750	7/15/90	965,141	1,037,500
1,000	US Treasury Notes	11.250	12/31/87	1,004,520	1,049,380
1,000	US Treasury Notes	11.750	1/15/91	1,006,012	1,075,310
3,000	US Treasury Notes	12.375	4/15/91	2,912,060	3,288,750
1,000	US Treasury Notes	13.125	5/15/94	984,410	1,152,190
1,000	US Treasury Notes	13.750	7/15/91	1,001,773	1,155,000
1,000	US Treasury Notes	11.875	9/30/86	998,143	1,042,190
1,500	US Treasury Notes	11.250	2/15/95	1,493,682	1,585,320
2,300	US Treasury Notes	11.375	5/15/90	2,292,582	2,436,574
824	Boston VLCC Tanker	9.200	8/17/01	677,709	729,850
100	El Paso Southern Tanker GG	8.100	3/31/03	100,000	79,393
500	GNMA	7.150	5/26/97	495,720	391,840
500	FNMA	8.550	9/12/88	498,750	490,315
200	GNMA	6.500	2/15/02	195,938	157,884
489	GNMA	6.500	6/15/03	450,710	386,026
465	GNMA	8.000	12/15/03	452,682	389,438
400	GNMA	6.400	12/11/87	396,202	375,868
997	Fourth Tug Barge USGG	11.800	12/31/08	997,000	1,090,648
388	GNMA Pool 29174	9.000	1/15/09	313,825	343,500
88	GNMA Pool 27854	9.000	11/15/08	71,460	77,907
88	GNMA Pool 29300	9.000	12/15/08	71,866	77,907
875	GNMA Pool 36086	10.000	11/15/09	798,966	824,959
843	GNMA Pool 36458	10.000	11/15/09	714,246	794,789

TRUST & LEGACY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES (Continued)					
909	GNMA Pool 37699	10.000	11/15/09	770,304	857,014
944	GNMA Pool 39321	10.000	12/15/09	799,755	890,013
975	GNMA Pool 58363	11.500	6/15/13	939,032	983,229
806	GNMA Pool 59031	13.500	11/15/12	848,542	868,215
1,939	GNMA Pool 65459	11.500	4/15/13	1,878,637	1,955,365
992	GNMA Pool 107704	10.000	1/15/14	862,016	935,268
954	GNMA Pool 107724	10.000	11/15/13	828,963	899,441
200	General Serv Admin Part Cert Series H	8.100	7/31/03	153,240	178,250
500	Lachmar Hull 54 USGG	8.625	9/25/00	402,637	422,705
500	Lachmar Hull 54 USGG	9.300	9/25/92	436,510	473,570
373	Litton Hull 102 System Merchant PP	7.375	12/12/98	372,907	293,346
1,000	Marine Drilling GG MM PP	14.250	3/01/96	1,000,000	1,248,040
2,000	Oxy Grower USGG	13.450	12/31/06	2,000,000	2,459,360
300	Parker Towing Title XI	9.350	8/15/02	264,789	268,431
100	Patriot 2 Shipping Ser B USGG	8.000	12/07/03	100,000	78,448
400	Patriot 3 Shipping Ser B USGG	8.000	8/07/04	400,000	312,772
1,000	Patriot 5 Shipping Ser B USGG	8.000	4/12/04	777,573	783,020
255	Patriot 4 Shipping Ser D USGG	8.000	12/07/88	255,000	245,409
7,237	LNG Arles USGG	8.200	12/13/02	5,560,112	5,819,634
700	US Patriot Shipping I	8.000	9/07/03	495,469	549,724
340	LNG Capricorn USGG	8.950	6/22/03	273,128	292,913
41,981	TOTAL GOVERNMENT SECURITIES			38,312,011	40,846,705



TRUST & LEGACY					
PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM SECURITIES					
600	BAC: Chase Manhattan Bank		7/10/85	594,896	598,755
1,300	BAC: Citibank		7/09/85	1,292,303	1,297,611
300	BAC: MHT		7/15/85	298,369	299,094
2,500	Bank of America - CP		7/12/85	2,484,479	2,493,792
2,800	GMAC - CP		7/23/85	2,784,250	2,786,583
7,500	TOTAL SHORT TERM SECURITIES			7,454,296	7,475,835
189,093	TRUST & LEGACY TOTAL			173,498,990	180,881,072

UNINSURED EMPLOYERS

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
200	US Treasury Notes	9.750	1/31/87	199,802	203,562
200	TOTAL GOVERNMENT SECURITIES			199,802	203,562
384	SHORT TERM INVESTMENT POOL			384,276	402,387
584	UNINSURED EMPLOYERS TOTAL			584,078	605,949



VOLUNTEER FIREMANS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
250	Burlington Industries	11.250	8/01/90	242,296	251,250
150	FMC	9.500	1/15/00	128,549	133,838
65	Mobil	8.500	6/15/01	63,540	52,689
200	National Steel	8.375	8/01/06	200,000	129,824
250	Tenneco	15.000	6/01/06	230,208	291,760
915	SUBTOTAL INDUSTRIAL			864,593	859,360
UTILITIES					
200	Carolina Pwr & Lt	12.875	12/01/13	197,157	212,308
50	Central Tel FL	7.650	2/01/97	50,000	38,682
200	Idaho Pwr	9.000	8/15/08	198,072	161,086
150	Minnesota Pwr & Lt	8.350	9/01/07	150,000	114,974
100	Northern States Pwr	7.375	3/01/02	100,167	73,096
75	Public Serv Elec & Gas	7.750	8/15/96	75,000	60,998
240	South Central Bell Tel	8.250	12/01/04	179,044	185,902
100	Washington Water Pwr	14.125	1/01/91	100,000	109,588
1,115	SUBTOTAL UTILITIES			1,049,439	956,632
OTHER					
100	General Elec Credit	8.250	2/15/86	99,969	99,300
200	Sears Roebuck Acceptance	8.375	12/31/86	199,950	198,000
100	SUBTOTAL OTHER			299,919	297,300
2,130	TOTAL CORPORATES			2,213,950	2,113,293

VOLUNTEER FIREMANS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	CANADIAN OBLIGATIONS				
200	BC Hydro	12.500	9/01/13	201,964	220,500
100	Hydro Quebec	13.250	12/15/13	100,000	119,472
300	TOTAL CANADIAN OBLIGATIONS			301,964	339,972
	GOVERNMENT SECURITIES				
200	US Treasury Notes	11.250	12/31/87	199,180	209,876
200	US Treasury Notes	12.750	11/15/89	199,684	220,438
300	US Treasury Notes	11.875	9/30/86	299,443	312,657
314	GNMA Pool 31195	9.000	3/15/09	255,629	277,987
1,014	TOTAL GOVERNMENT SECURITIES			953,936	1,020,958
330	SHORT TERM INVESTMENT POOL			330,093	337,267
3,774	VOLUNTEER FIREMANS COMPENSATION TOTAL			3,799,943	3,811,490

WILLIAM MURPHY BEQUEST

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	PREFERRED STOCK				
	Montana Power \$6.00 Series, 211 Shares				9,495
	TOTAL PREFERRED STOCK				
256	MONTANA COMMON STOCK POOL			283,017	401,423
19	SHORT TERM INVESTMENT POOL			19,354	18,467
275	WILLIAM MURPHY BEQUEST TOTAL			302,370	419,890

# WORKERS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
CORPORATES					
INDUSTRIAL					
300	Anaconda	6.625	11/15/93	217,915	236,202
1,000	Anadarko Production	14.750	12/01/91	987,163	1,123,750
1,200	Atlantic Richfield	7.750	12/15/03	784,107	887,028
500	Atlantic Richfield	13.625	3/15/11	496,786	564,085
500	Bethlehem Steel	8.375	3/01/01	315,860	310,000
600	Borden	9.375	6/15/09	464,268	509,358
500	Burlington Industries	9.000	8/15/95	394,604	409,545
1,000	Cities Serv	13.875	1/15/11	923,025	1,090,000
100	Corning Glass Works	7.750	11/15/98	78,072	76,588
1,350	Engelhard Minerals & Chemicals	11.750	8/01/05	1,149,418	1,365,309
1,000	General Mills	9.375	3/01/09	708,543	863,690
400	Goodyear Tire & Rubber	7.350	9/15/97	400,000	309,732
500	Inland Steel	9.500	9/01/00	498,482	385,120
1,000	Kerr McGee	8.500	6/01/06	861,762	773,670
25	Mobil	8.500	6/15/01	24,438	20,265
1,100	Motorola	8.000	10/01/07	696,333	839,157
395	Mountain Fuel Supply PP	8.750	4/15/99	395,000	328,901
500	Pfizer	8.875	8/15/85	500,000	499,510
500	Sears Roebuck	8.000	4/01/06	499,133	379,895
500	Shell Oil	8.750	5/15/05	362,993	411,505
500	Shell Oil	8.000	4/15/07	353,659	378,355
1,100	Standard Oil of IN	7.875	8/01/07	864,828	834,746
500	Standard Oil of OH	8.375	3/15/07	367,092	383,950

# WORKERS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (Continued)					
360	Systems Building PP	8.000	7/01/97	360,244	296,204
700	Union Carbide	8.500	1/15/05	441,114	520,807
800	Union Oil of CA	8.625	3/01/06	795,864	617,064
16,930	SUBTOTAL INDUSTRIAL			13,940,702	14,414,436
UTILITIES					
500	Alabama Pwr	10.500	12/01/05	500,000	459,040
220	Carolina Tel & Tel	8.100	11/01/03	220,000	169,079
500	Central IL Lt	9.250	5/01/06	497,390	416,180
1,000	Central Pwr & Lt	12.125	3/01/13	994,317	1,021,850
276	Central Tel	8.000	7/01/94	276,225	239,604
500	Commonwealth Edison	8.250	12/01/07	492,520	373,265
200	Consolidated Natural Gas	7.875	12/01/95	169,386	160,948
300	Consolidated Natural Gas	7.750	10/01/96	250,102	236,988
1,000	Consolidated Natural Gas	11.125	4/01/08	997,901	965,670
500	Dallas Pwr & Lt	12.250	2/01/13	500,000	502,575
550	Florida Pwr	7.750	10/01/01	385,904	404,173
400	Florida Pwr	8.000	12/01/03	287,535	299,768
300	General Tel Southwest	7.875	10/01/01	212,209	225,699
500	General Tel Southwest	9.875	12/01/05	497,569	437,985
460	Gulf Pwr	15.000	2/01/10	447,815	543,518
500	International Tel & Tel	12.625	2/01/05	465,618	531,125
300	Kentucky Pwr	7.875	9/01/02	300,000	216,270
650	Michigan Bell Tel	7.750	6/01/11	434,022	459,537
1,000	National Rural Util	14.750	2/01/11	1,000,000	1,130,000
450	New York Tel	7.500	3/01/09	454,215	313,870

# WORKERS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
UTILITIES (Continued)					
150	Northern IN Pub Serv	6.375	9/01/97	130,611	103,242
250	Northern IN Pub Serv	10.400	9/01/04	250,000	232,680
200	Ohio Edison	9.250	5/01/00	200,430	162,412
500	Pacific Gas & Elec	12.750	2/01/13	1,000	529,855
1,000	Pacific Gas & Elec	13.375	8/01/15	1,623	1,097,630
550	Pacific Gas & Elec	6.500	7/01/03	347,786	351,615
150	Pacific Tel & Tel	7.800	3/01/07	150,000	108,531
500	Pacific Tel & Tel	8.875	10/01/08	326,895	353,695
9	Public Serv IN	7.750	8/15/96	9,000	7,320
1,800	Public Serv Elec & Gas	8.750	4/01/06	1,332,392	1,440,702
500	Public Serv Elec & Gas	10.125	4/01/09	497,023	440,065
800	South Carolina Elec & Gas	8.250	12/01/04	596,813	619,672
306	South Central Bell Tel	7.750	6/01/04	307,968	225,562
100	Southern NE Tel	8.750	8/01/07	100,295	79,073
1,000	Southwestern Bell Tel	8.250	3/01/14	710,840	738,130
450	Southwestern Bell Tel	8.250	4/01/17	434,337	332,114
500	Southwestern Bell Tel	9.500	2/01/09	497,241	420,905
500	Texas Elec Serv	10.125	4/01/09	499,008	440,065
19,371	Utah Pwr & Lt			17,264,992	16,790,411
	SUBTOTAL UTILITIES				

## OTHER

500	Beneficial	8.300	6/01/03	500,000	384,140
200	Burlington Northern	8.600	1/15/99	200,000	172,000
1,500	Citicorp Notes	8.450	3/15/07	1,085,838	1,156,035
415	Commercial Credit	7.750	2/15/92	413,599	350,858
1,400	Crocker National	8.600	12/01/02	1,122,571	1,182,958



WORKERS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
OTHER (Continued)					
500	Exxon Pipeline	8.875	10/15/00	400,180	431,895
977	First Interstate Banks PP Tri-City Property	13.500	3/01/99	977,108	1,124,478
500	Ford Motor Credit	9.700	7/15/00	409,888	449,290
300	General Motors Acceptance	8.125	6/15/86	286,492	297,609
500	General Motors Acceptance	8.000	7/15/07	496,785	373,215
1,000	General Motors Acceptance	8.200	2/15/88	943,791	972,410
500	Household Finance	8.375	10/01/03	497,295	392,580
1,585	Household Finance	9.625	6/15/04	1,430,187	1,390,188
900	Mobil Alaska Pipeline	8.450	3/01/05	795,011	716,508
1,000	Sohio BP Trans Alaska Pipeline	9.750	12/01/99	951,699	900,520
500	Transamerica Financial	9.875	3/01/99	393,268	460,535
500	Union Pacific RR	8.400	3/01/01	387,545	400,625
500	Union Pacific RR	7.500	1/01/87	500,000	487,100
500	Wells Fargo	8.600	4/01/02	500,000	424,200
13,777	SUBTOTAL OTHER			12,291,257	12,067,143
50,078	TOTAL CORPORATES			43,496,951	43,271,990

CANADIAN OBLIGATIONS

500	Bell Canada	8.750	4/01/06	331,459	401,865
1,000	BC Hydro	8.375	6/15/07	1,000,000	774,010
250	Canadian Nat'l Railway	9.700	7/15/04	181,351	226,095
400	Hydro Quebec	8.600	9/15/06	241,538	317,560
1,000	Imperial Oil	9.750	9/15/09	816,189	894,540
500	Manitoba Hydro Elec Board	8.000	10/15/03	496,948	376,460



WORKERS COMPENSATION

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	CANADIAN OBLIGATIONS (Continued)				
500	Manitoba Hydro Elec Board	9.375	12/01/04	497,572	428,255
500	Manitoba Hydro Elec Board	9.500	10/01/85	500,000	500,000
500	Manitoba Hydro Elec Board	9.250	1/15/06	500,000	422,170
490	Municipal Finance BC	8.875	5/01/01	490,000	412,570
300	New Brunswick Elec Pwr	9.375	5/01/01	300,000	259,731
200	Quebec Hydro Elec	8.250	1/01/04	199,383	154,960
600	Quebec Hydro Elec	10.250	1/15/05	600,000	552,870
14	TOTAL CANADIAN OBLIGATIONS			6,154,441	5,721,086

GOVERNMENT SECURITIES

500	LNG Aquarius USGG	7.650	12/07/86	500,000	489,090
1,500	LNG Aquarius USGG	8.000	6/07/02	1,500,000	1,184,880
997	Fourth Tug Barge USGG	11.800	12/31/08	997,000	1,090,648
81	GNMA Pool 29700	9.000	1/15/09	65,308	71,710
388	GNMA Pool 29174	9.000	1/15/09	313,811	343,500
164	GNMA Pool 28475	9.000	11/15/08	133,821	145,191
1,000	Lachmar Hull 54 USGG	9.300	9/25/92	947,880	947,140
1,000	Marine Drilling GG MM PP	14.250	3/01/96	1,000,000	1,248,040
500	Patriot 5 Shipping Ser B USGG	8.000	4/12/04	388,787	391,510
1,080	LNG Aries USGG	8.200	12/13/02	849,724	868,482
7,210	TOTAL GOVERNMENT SECURITIES			6,696,330	6,780,191

WORKERS COMPENSATION					
PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
210	MORTGAGES			209,761	209,761
64,238	WORKERS COMPENSATION TOTAL			56,557,482	55,983,029

1983 LRBP BONDED PROGRAM

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
GOVERNMENT SECURITIES					
2,500	US Treasury Bills		7/11/85	2,221,565	2,229,980
2,000	US Treasury Bills		7/11/85	1,777,353	1,784,082
1,680	US Treasury Bills		9/05/85	1,496,879	1,530,678
5,500	US Treasury Bills		10/03/85	4,925,537	5,075,466
5,000	US Treasury Notes	10.500	10/31/85	4,999,534	5,050,000
1,000	US Treasury Notes	12.375	8/31/86	997,975	1,045,310
17,680	TOTAL GOVERNMENT SECURITIES			16,418,843	16,715,516
5,175	SHORT TERM INVESTMENT POOL			5,175,074	5,271,857
22,855	1983 LRBP BONDED PROGRAM TOTAL			21,593,917	21,987,373

1983 FISH, WILDLIFE & PARKS BONDED PROGRAM

PAR VALUE (000 )	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	GOVERNMENT SECURITIES				
562	US Treasury Bills		7/11/85	499,436	501,327
550	US Treasury Bills		8/08/85	490,663	497,020
1,112	TOTAL GOVERNMENT SECURITIES			990,099	998,347
359	SHORT TERM INVESTMENT POOL			359,205	363,509
1,471	1983 FISH, WILDLIFE & PARKS BONDED PROGRAM TOTAL			1,349,304	1,361,856

FUNDS HOLDING MONTANA COMMON STOCK POOL ONLY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	MONTANA COMMON STOCK POOL				
48	Bradley Trust Fund			47,568	75,267
1	Caras Endowed Scholarship Fund			1,164	1,568
16	General Trust Fund			16,054	25,089
9	Merritt-Wheeler Memorial Fund			10,769	14,113
44	Teakle Trust Fund			42,276	68,995
118	TOTAL FUNDS			117,831	185,031

FUNDS HOLDING MONTANA COMMON STOCK POOL and  
SHORT TERM INVESTMENT POOL ONLY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	MONTANA COMMON STOCK POOL				
20	TRS - Minnie Fullam			22,064	31,361
39	Peter Potter			42,014	61,154
59	TOTAL FUNDS IN MONTANA COMMON STOCK POOL			64,078	92,516
	SHORT TERM INVESTMENT POOL				
35	TRS - Minnie Fullam			35,432	35,962
24	Peter Potter			24,092	24,299
59	TOTAL FUNDS IN SHORT TERM INVESTMENT POOL			59,524	60,261
55	TOTAL TRS - MINNIE FULLAM			57,496	67,323
63	TOTAL PETER POTTER			66,106	85,453



FUNDS HOLDING SHORT TERM INVESTMENT POOL ONLY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
SHORT TERM INVESTMENT POOL					
	Agriculture				
25	Commercial Feed ERA			24,551	25,271
76	Commercial Fertilizer			76,475	77,756
547	Board of Oil & Gas			547,409	583,170
2,288	BN Geraldine Settlement			2,288,226	2,317,129
5,377	DNRC Bond Proceeds			5,376,760	5,434,172
13	Eugene Price Scholarship			13,186	12,635
367	Flood Insurance			367,298	375,173
33	Foster Children			33,477	32,074
1,522	Group Insurance			1,522,037	1,555,120
3,013	Guaranteed Student Loan			3,012,858	3,103,436
198	Job Service Building			197,503	217,717
1,094	Lands & Resource Development			1,093,966	1,055,538
	Livestock				
435	Animal Health Emergency			435,345	444,181
208	Animal Health ERA			207,797	219,661
1,050	Inspection & Control			1,049,633	1,110,939
	Local Governments				
4	Choteau Schools			4,800	4,800
560	City of Missoula			560,300	560,300
23	Drummond FDRA			23,200	23,200
47	Hill County			46,500	46,500
361	Liberty County			360,600	360,600
3,637	Lincoln County			3,636,700	3,636,700

FUNDS HOLDING SHORT TERM INVESTMENT POOL ONLY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
	Local Government (Continued)				
4,105	Missoula County			4,104,700	4,104,700
70	Police Department-Red Lodge			69,800	69,800
216	Pondera County			216,200	216,200
3	Ryegate FDRA			2,900	2,900
24	Stillwater County			23,884	23,884
6	Town of Dodson			5,800	5,800
5,800	Local Impact			5,799,923	5,892,933
7	MEDB Bond Guarantee			6,726	6,804
88	Moderate Rehabilitation Operating Reserve			87,768	88,447
17,959	Montana Instate Investment			17,958,578	18,363,051
253	Montana Rural Development			252,694	260,483
455	Operating Reserve			454,818	468,480
	Montana University Systems				
583	Montana Tech			583,333	583,170
478	Northern Montana College			477,775	478,199
4,742	University of Montana			4,741,806	4,840,311
131	Western Montana College			130,679	133,157
3,041	Rail Construction			3,041,437	3,074,278
587	Section 155 Grant			587,123	599,693
146	Series 1981			146,364	161,344
256	Warner Amendment			255,559	260,483
28	Water & Waste Water Operators			28,262	28,187
223	Wheat Research & Marketing			222,560	222,577

FUNDS HOLDING SHORT TERM INVESTMENT POOL ONLY

PAR VALUE (000)	SECURITY	INTEREST RATE	MATURITY DATE	BOOK VALUE	MARKET VALUE
830	Woodville Highway Replacement			829,736	801,859
1,109	Workers Compensation Building			1,109,174	1,203,274
62,018	TOTAL FUNDS			62,016,221	63,086,084





